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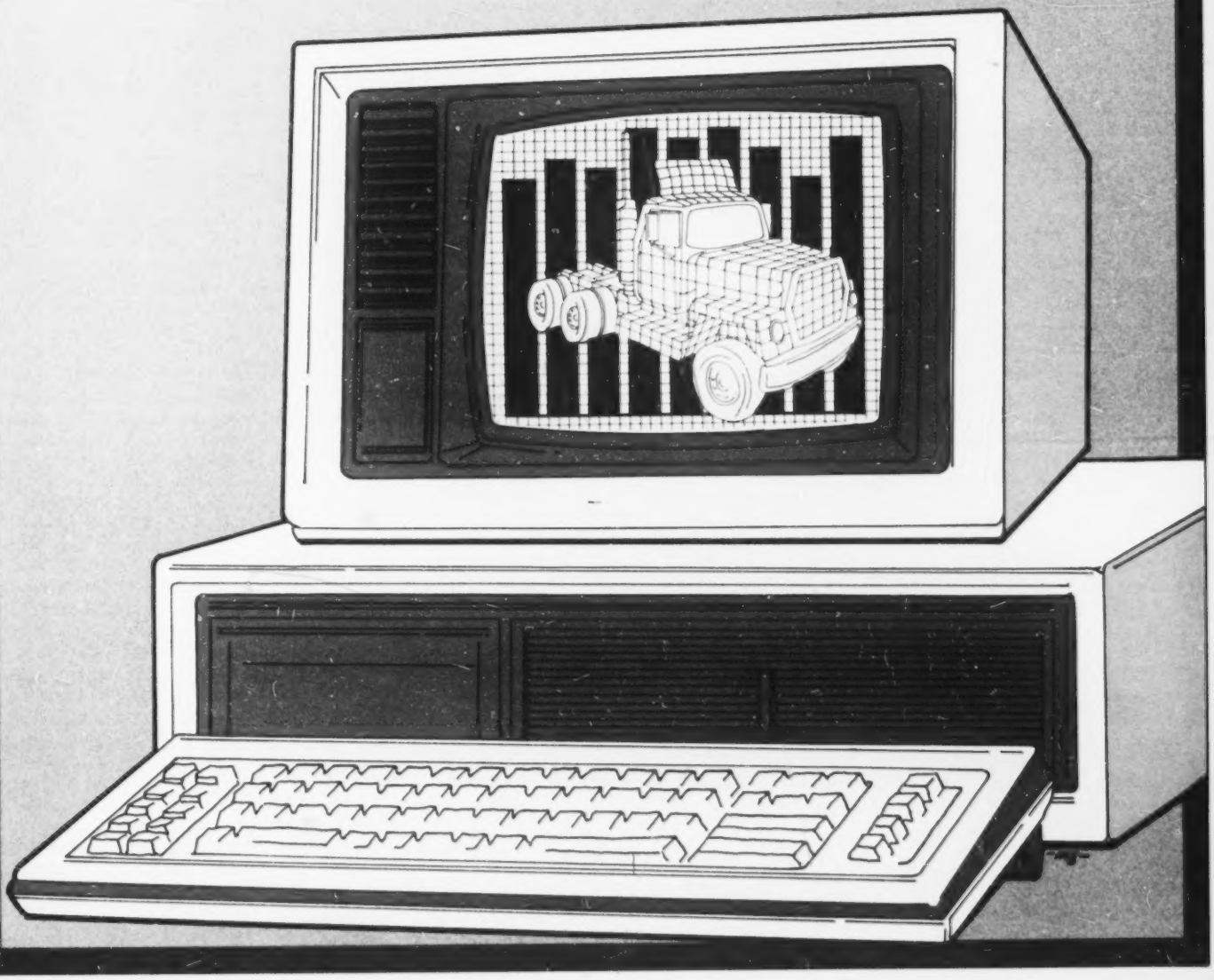
1985 Financial Analysis of the Motor Carrier Industry

William Legg
Alex. Brown & Company
Baltimore, Maryland



FINANCIAL ANALYSIS OF THE MOTOR CARRIER INDUSTRY

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Table of Contents

Message from ATA 2
About the Author 3

Industry Overview 5
Performance of the Trucking Industry 6

The Structure of the Motor Carrier Industry 8
Organization Chart 8
Map of USA (by ICC regions) 9
Scope of the Analysis 10

Terminology 12

Carrier Group Analyses 15

Composite Carrier Groups: A, B, C & D 16
Financial Data 20

Carrier Group: A 22
Financial Data 24

Carrier Group: B 26
Financial Data 28

Combined Carrier Group: C 30
Financial Data 32

Combined Carrier Group: D 35
Household Goods 35
Heavy Machinery 36
Petroleum Products 37
Refrigerated Products 37
Financial Data 38
Agricultural Products 40
Motor Vehicles 41
Building Materials 41
Other Specialized Carriers 42

Summary Scorecard 43
Scorecard Charts 44

Carrier Performance During 1985 48
Results of Operations of Class I Carriers 49

A MESSAGE FROM ATA

Thomas J. Donohue

I am pleased to introduce the 1985 edition of the Financial Analysis of the Motor Carrier Industry. The timely appearance of this volume marks a renewal of ATA's commitment to be the most complete and up-to-date source of information on the trucking industry.

This volume contains exhaustive comparisons of operating and financial results for 1984 and 1983 for Interstate Commerce Commission-regulated carriers. The latest data available for 1985 are included in a special section following the year-over-year analyses.

This year, we are privileged to have commentary by one of the most respected and astute analysts of the trucking industry, William Legg of Alex. Brown and Sons. Bill is a distinguished addition to the list of authors who have contributed to the Financial Analysis over the last 35 years.

As before, the report contains: an economic and industry overview; a detailed rundown of financial data by size of carrier, region of domicile, length of haul, and type of goods carried; and background material on industry structure and terminology.

The statistical and narrative material presented here should be useful to a wide assortment of readers: executives of motor carriers, both small and large; operating and financial departments of nontrucking businesses that have truck fleets; banking, securities, and other financial industry people; and regulators and other government officials.

Please feel free to write or call ATA's Statistical Analysis Department if you would like further information, back issues, or if you have suggestions for future editions.

Thomas J. Donohue
President and Chief
Executive Officer
American Trucking
Associations, Inc.

ABOUT THE AUTHOR

William Legg

The Author

William Legg is a Managing Director of Alex. Brown & Sons of Baltimore and has been head of its Transportation Group since 1971. Alex. Brown & Sons is an investment banking concern that specializes in several areas including trucking and in that capacity has been actively involved with many of the ESOP's, mergers, and acquisitions of public offerings involving motor carriers that have taken place over the past ten years.

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INDUSTRY OVERVIEW

One of the problems with writing the review of a series of events that took place a year ago is that they are not necessarily germane to what is happening today. The trucking industry, in particular, has been changing at an accelerating rate under pressure from both economic and regulatory sources. What we would like to accomplish in this review is to examine what happened in 1984, but with a focus on how those events are shaping the trucking industry today and what might be the ramifications in future years.

As a result of this approach, we will try to minimize the amount of statistical information in favor of more qualitative observations. The obvious risk to this approach is that personal prejudices can color those observations.

Trucking and the Economy

Nineteen eighty-four was an exceedingly difficult year for trucking industry managers. Accumulating economic data was like measuring rain in a year of droughts and floods. On the average it looked like a good second year of an economic recovery with real GNP up 6.8%.

What the averages do not show is that the first half of last year was extremely strong with real GNP up 10.1% in the first quarter and 7.1% in the second. Under the spur of more business, carriers added terminals, equipment and people at a rapid rate fearing loss of market share.

Unfortunately, the domestic economy peaked in August (as measured by the Federal Reserve Board Index of Industrial Production) and once Christmas-bound goods were delivered, truck tonnage also turned sharply down. The plunge in traffic left many carriers with excess capacity, more debt, depreciation and interest expenses. This set the stage for a dismal performance in the first quarter of 1985, but more on that later.

Before taking a look at 1985 and beyond, it is worth a quick look at trucking's place in the economic spectrum. At the risk of oversimplifying, trucks carry inventories. As a result, truck tonnage is very sensitive to the inventory cycle. Retailers and manufactureres alike have been successful in reducing the amount of inventories needed to support a given level of sales. When a change takes place in final demand it means that inventories are either too high or too low and need adjusting. This is accomplished by accelerating or decelerating the rate that inventories are drawn down from manufacturers.

In the old days changes in demand would be absorbed for a longer period of time by running inventories either up or down. Now the reaction time is shorter which translates into a more volatile level of traffic available to the truckers.

To get back to the point, tonnage soared in the first nine months of 1984 because the economy was growing **and** inventories were being built. By the fourth quarter, it became obvious that sales would not live up to expectations so retailers and wholesalers began a campaign of inventory liquidation. The first half of 1985 experienced a slowdown in economic growth **and** a period of inventory liquidation which produced some of the worst results recorded since the 1982 recession. The inventory liquidation appears to have run its course which has allowed traffic growth to pick up with the economy.

Gazing into our crystal ball, inventories have been beaten back into shape and the economy appears to be firming. Truck tonnage appears to have turned up in August and should remain stronger at least through the first half of 1986. Pricing pressure has moderated since the July, 1985 round of general increases giving many carriers a better than expected third quarter.

For planning purposes, we have been assuming that 1986 will be a fairly good year with real GNP growth of about 3.5% and inflation of 4.0%. Year-to-year compari-

CHART 1

TRUCK TONNAGE INDEX

THREE MONTH MOVING AVERAGE

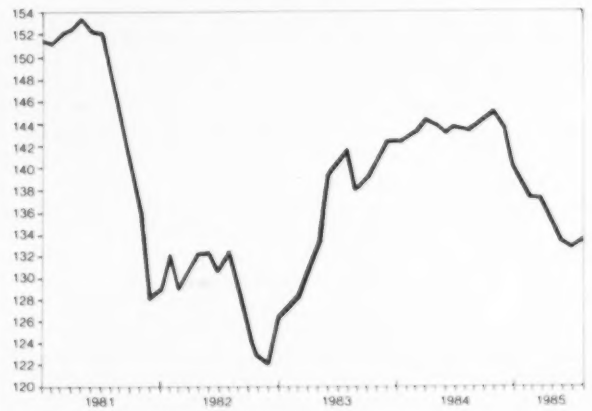


CHART 2

INVENTORY TO SALES RATIO

son's should be a little better in the first half of the year given the 26% drop in profits in the first half of 1985. The stock market, known for its all seeing wisdom, has reembraced the trucking industry in the belief that 1986 will be a much better year for profits and returns on investment.

Performance of the Trucking Industry

General Commodity Carriers - Looking at the results for 1984, two things become obvious. **First,** the year was a rebuilding year following several years of low capital expenditures. **Second,** it was the largest carriers that did most of the modernization and expansion.

1.) Cash held by the general commodity group dropped 38% or $322 million. Carrier operating property (net) rose $695 million or 20%. Both represent massive changes in such a short period and funding for this expansion was painful. Because net income was down 13%, debt became the main source of capital so long-term debt rose 19%.

The income statement reflects the huge build-up in equipment. With revenues only up 9.6%, depreciation increased 10.4% and interest expense climbed 14.4%. With other operating expenses also up, net income dropped 13.1%. What is disturbing is that it took substantially more capital to generate the same dollar of income, driving the return on investment (in transportation assets) down from 18.3% to 15.0%.

2.) The second observation centers on the fact that the 28 largest carriers with 55% of the general commodities group's revenues generated 63% of the net income. Of the $322 million in cash that was spent, $302 million was spent by the largest carriers. Therefore, they were able to increase their net property account by 19% with only a 17% increase in long-term debt. This compares to the 20% increase in property (net) for the general commodities carriers on a 19% increase in long-term debt.

Capital spending should have peaked in 1985, but the damage to the income statement has been done. Revenues increased 3.3% and net income dropped 2.6%. As expected, depreciation - up 12% - and interest expense - up 22% - put a great deal of pressure on profits.

CHART 3

TRUCK INDEX RELATIVE TO THE S&P 500

Multi-Employee Pension Liability

One of the promises of deregulation was a swift consolidation of the trucking industry, particularly the capital intensive less-than-truckload segment. Profits, as the argument went, would be enhanced as revenues were shifted from those carriers that were losing money to those that could generate a profit on the same dollars. A nice theory, if it worked.

The Multi-Employer Pension Plan Amendments Act, MPPAA as it is affectionately known, put a financial roadblock in the path of consolidation. Because it created a liability that was junior to shareholders' equity, and often many times a carrier's net worth, MPPAA has caused trucking companies to hang on well past the rational point of departure. To compound the problem, corporate owners of failing carriers are liable for any uncovered pension liability and can find that assets other that those of the trucking subsidiary can be attached, giving even more reason to keep that subsidiary from failing.

As mentioned, MPPAA has greatly retarded the rate at which the LTL segment of the trucking industry has consolidated, hurting the overall health of the industry and probably not helping the pension funds themselves as the carriers run down this asset base to the point where only secured creditors are still covered.

The need to avoid MPPAA has given rise to creative efforts on the part of carriers, their parents and labor to reduce operating costs. Because labor often represents 50-60% of an LTL carrier's expenses, labor is the area most focused on.

Labor - Creative Concessions

MPPAA created a need for labor concessions; Congress created the vehicle to reduce wages even for National Master Freight carriers; and employees have, in a rising number of cases, agreed to accept substantial equity positions in their employers in return for wage concessions. The ESOP, Employee Stock Ownership Plan, has become the means of quickly cutting expenses while maintaining the framework of a uniform price for Teamster labor.

By the time this report goes to press, four (Transcon, Smiths, Ryder/P.I.E. and McLean) of the 10 largest LTL carriers will have exchanged 40-50% positions in their companies for wage concessions averaging 15%. Over the five year lives of the ESOP programs for these four carriers, almost one billion dollars in labor costs will be saved.

We fully expect the ESOP process to continue, and to be joined by profit sharing and guaranteed employment contracts as means of reducing labor costs. So far, these programs have largely been used as a way to reduce losses. We would not, however, be surprised to see them become a vehicle for relatively profitable carriers to sharply increase profits for a number of purposes; expansion, reequipping and rate flexibility being the most likely.

The Truckload Phenomenon

The financial results of the trucking industry in 1984 were relatively uneven and have become even moreso in 1985. LTL carriers suffered from a decline in traffic toward the end of 1984 led by a sharp drop in truckload shipments. That drop in truckload accelerated in 1985, pulling total tonnage below last year's level.

At the same time, however, the truckload carriers, particularly those hauling general commodities, have enjoyed an unprecedented boom. Why? (1) LTL carriers normally cannot make money on truckload shipments, and can only use them for gas money on backhauls. (2) A truckload carrier will haul a 40,000 lb. shipment 1,000 miles for $1.10 a mile while private carriage would cost $1.35 a mile. For these two reasons, truckload traffic is moving away from the LTL carriers and, more importantly, away from private carriage.

To date, the only limiting factors in the rise of the truckload sector have been: (1) The capital to buy equipment. Fuel accounts for up to 10% of revenues (20% of line haul expenses) so new fuel efficient tractors are a necessity. In addition, shippers want the hidden discount represented by 102" x 48' trailers, so new trailers are also an expansive necessity. (2) An adequate number of qualified drivers and/or owner operators. Lower unemployment levels and a financially related erosion in the ranks of owner operators have combined to limit the pool of good drivers.

Pricing

LTL pricing is beginning to resemble that of the steel industry with a meaningless tariff and meaningful transaction price. The two are cleverly connected by something called a discount. The truckload carriers have taken a more sensible approach and actually charge a dollar amount tied to a unit of work done.

In general, rates ended 1984 about where they started if you look at their various components. 1985 saw two rate increases almost totally discounted away, the July increase was discounted away before it was put into place. Roadway, in its third quarter report stated that the average realized rate on LTL traffic was up only 0.8% since January 1.

Regulation

This will be a short paragraph because little or nothing happened on the regulatory front. Loftier questions surrounding such topics as anti-trust immunity and the Texas Railroad Commission will have to wait for 1986 and beyond.

Expenses

Fuel: Fuel prices were relatively stable in 1984 after falling in 1983. The oil surplus should keep a lid on future increases, and, if experts are to be believed, could even lead to further drops in prices. Fleets with newer equipment have been able to affect further improvements with more efficient equipment.

Taxes: As fuel prices have come down, the federal government and the individual states have been busily raising highway taxes. Not only is the dollar amount a growing burden, but the complexity of the state assessment systems is an administrative nightmare.

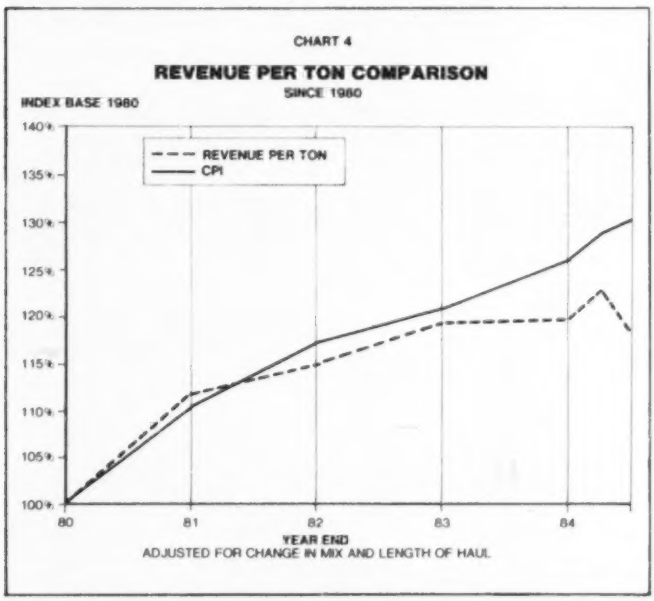
Insurance: The cost of insurance was more a topic of conjecture in 1984 than a real problem. Whoever writes this report in 1986 will reflect that insurance, both its cost and availability, were a major problem in 1985. At the six month mark (June, 1985) premiums were running over 20% above the prior year.

Labor: Labor costs did not change much in 1984, the last year of the old contract. The 1985-1988 National Master Freight Agreement calls for a modest pay increase totalling about 9.5% over the three years, including some relief from a scaled new hire rate and a lower pay rate for casuals. We do not feel that the contract addressed the overall problem of individual carrier characteristics (i.e., length of haul and operating territory) and the growing presence of non-union carriers.

CHART 4

REVENUE PER TON COMPARISON

SINCE 1980



ADJUSTED FOR CHANGE IN MIX AND LENGTH OF HAUL

THE STRUCTURE OF THE MOTOR CARRIER INDUSTRY

The motor carrier industry may be conveniently divided into two major traditional classifications, Private and For-Hire.

Private Carriers consist of the trucking operations of manufacturers, wholesalers, merchants, and other shippers for transporting their own goods by means of equipment which they themselves own or lease. If their principal business is not transportation services, they qualify as private carriers. Those firms which meet the criteria which define private carriers are not subject to Interstate Commerce Commission regulation. Restrictions on their operations, however, have been liberalized since the Motor Carrier Act of 1980 in terms of intercorporate hauling authorities and for-hire backhaul services.

For-Hire Carriers transport freight which belongs to others. They may be classified by jurisdiction served such as interstate, intrastate, or local, the last two classes being regulated by local or state authorities, or exempt from regulation. They may also be classified by kind such as Common Carriers, Contract Carriers and Exempt Carriers.

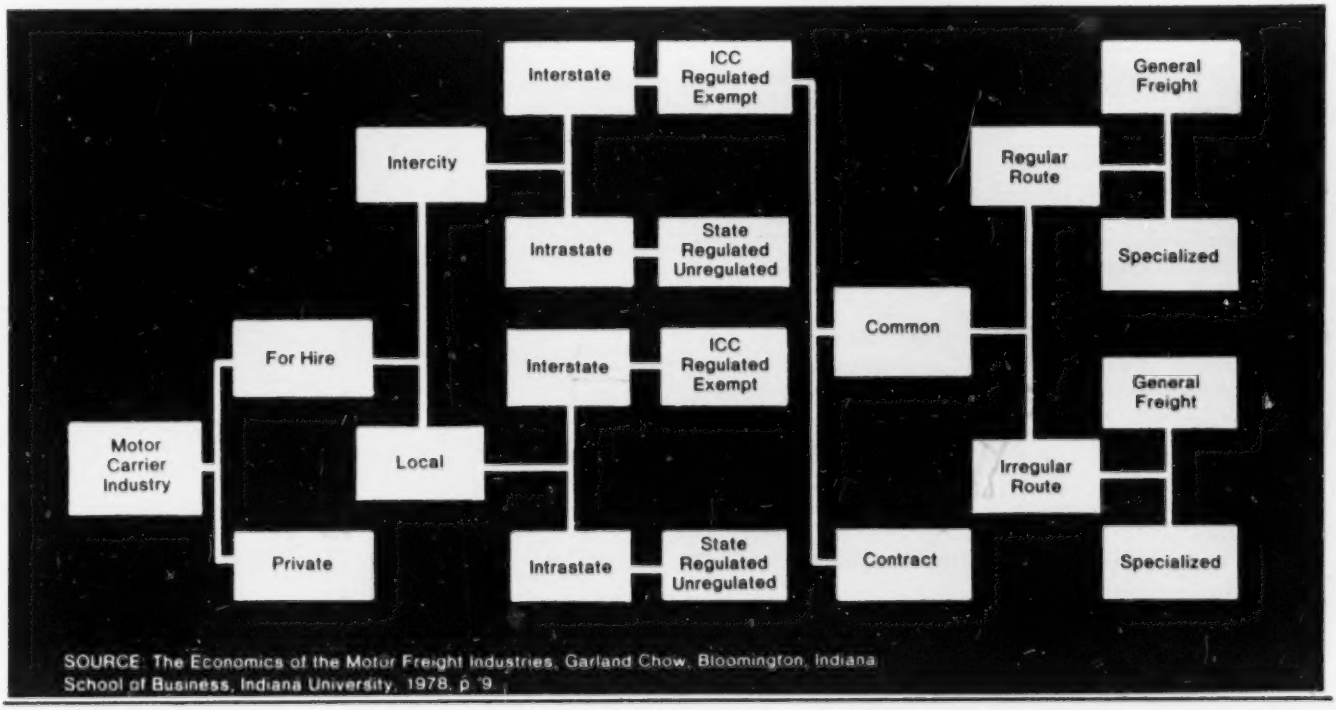
I. Common Carriers by definition offer their services to any shipper to transport his goods between designated points at published rates under authority granted them by the ICC under a certificate of public convenience and necessity. This certificate spells out both the types of commodities which may be carried and the service routes, whether irregular route service between areas on a non-scheduled basis or regular route service over designated roads on a scheduled basis. The ICC must also approve the tariffs established for various classes of freight by the numerous regional rate bureaus. In general, any service which is not specified by the terms of an operating certificate is forbidden.

II. Contract Carriers, as the name implies, serve one or a few shippers under specific contractual arrangements and cannot, like Common Carriers, offer their services to the public-at-large. Owing to the non-public nature of these carriers, the rates which they may charge differ from the tariff structure governing Common Carriers. Rates are directly negotiated with the shippers they serve. Operating authorities which specify areas to be served and commodities to be carried must be obtained from the ICC. The Motor Carrier Act of 1980 substantially liberalized the rules for contract carriage.

Note: Motor carriers authorized and regulated by the Interstate Commerce Commission are categorized into three classes according to revenue size. Effective in 1980, Class I are carriers having annual revenues over $5 million, Class II having revenues between $1 to $5 million, and Class III having revenues less than $1 million.

III. Exempt Carriers transport certain specialized goods, such as unprocessed agricultural products, livestock, and newspapers, and are exempt from ICC regulations about routes, areas and rates.

Of note is that the traditional distinctions between carrier types have been clouded by the I.C.C.'s eased entry policy and broad grants of authority. Common carriers, for example, have been obtaining contract carrier authority. Contract carrier authority can be so liberally written that it is similar to nationwide general commodity rights of common carriers. Private carriers can haul freight for subsidiaries, can "backhaul" for-hire, or spin-off a subsidiary, obtain authority and operate fully for-hire. Exempt carriers and owner-operators can equally obtain authority to participate in the regulated commodity market.



SOURCE: The Economics of the Motor Freight Industries, Garland Chow, Bloomington, Indiana School of Business, Indiana University, 1978, p. 9.

ICC Geographic Regions

1 New England
2 Middle Atlantic
3 Central
4 Southern
5 Northwestern
6 Middlewestern
7 Southwestern
8 Rocky Mountain
9 Pacific

SCOPE OF THE ANALYSIS

The motor carrier industry, in total, is huge. Shippers in 1984 expended $208.3 billion to ship freight by truck. This is 76% of the total dollars spent by shippers on all modes of transportation. The greatest portion of the revenue for trucking service, as would be expected, was for local carriers, $87.7 billion or 42.1 percent. The two segments involved in intercity transportation are I.C.C.-authorized carriers, the focus of this analysis, and non-I.C.C.-authorized carriers, largely private carriers, owner-operators and intrastate for-hire firms. This latter group has an estimated 'revenue' level of $68.6 billion. Revenues in 1984 for I.C.C. authorized carriers were an estimated $52.1 billion.

The $52.1 billion for I.C.C.-authorized carriers in 1984 includes all Class I, II and III motor carriers. Class III carriers, defined by annual revenues of less than $1 million, no longer report to the I.C.C. We estimate the Class III revenues at $8.6 billion in 1984. Class I and II carriers, who should report to the I.C.C., had revenues of $43.5 billion.

The 1985 Financial Analysis focuses on 1,822 Class I and II ICC regulated for-hire motor carriers of which 690 are general freight common carriers and 1,132 are common and contract carriers of specialized commodities. These companies do not constitute the total number of I.C.C. Class I and II firms but include those for which consistent and uniform financial and operating data have been obtained for both 1983 and 1984. The carriers in this analysis generated $33.2 billion, or 64% of the total of $52.1 billion. They are therefore indicative of carrier performance and operating results.

Class I and II firms not represented in this analysis have either been excused from filing results with the I.C.C. or are excluded because data was incomplete, inconsistent or inaccurate for either 1983 or 1984. Carrier results are taken directly from the annual reports submitted to the I.C.C. None of the approximately 27,370 Class III carriers (in 1984) are represented in this profile since Class III carriers are not required to file financial results with the I.C.C. The following defines the groupings of carriers which will be used in this 1985 Financial Analysis.

Group A covers the smaller-sized general freight carriers, those with revenues less than $5 million (but greater than $1 million). The 332 carriers in this group are, as in the past, further segregated into the nine I.C.C. regions based on the domicile of the carriers. Their operating territory may not totally coincide with their region of domicile but, in general, these smaller-sized carriers have more limited territorial coverage than their larger counterparts.

Group B includes 242 general freight carriers with 1984 revenues between $5 and $25 million. Like carrier Group A, they are further split into the nine I.C.C. regions of domicile. Their operating territory is broader than that of the Group A carriers, but nonetheless, is regional, not nationwide.

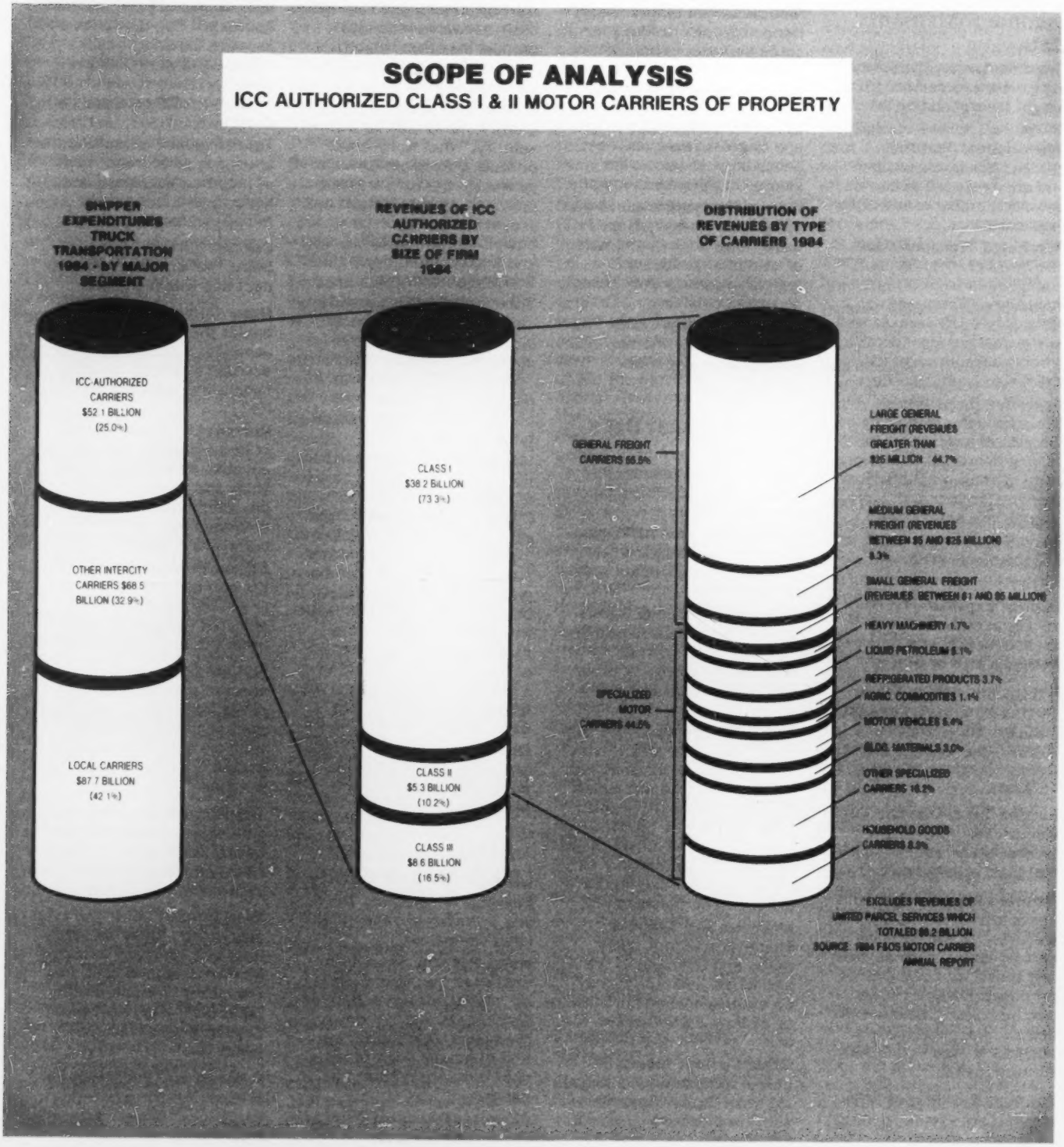
Group C includes 116 general freight firms with revenues of $25 million or more. Group C-1 firms have annual revenues between $25 and $100 million; Group C-2 carriers have annual revenues greater than $100 million. Since these firms operate multiregionally and nationwide, they are subgrouped based on length of haul. Group C-1 includes 88 carriers within two length of haul categories: 250 miles and under and greater than 250 miles. Their larger counterparts in Group C-2, 28 firms, are divided into four length of haul categories: 250 miles and under, 251-500 miles, 501-750 miles, and greater than 750 miles.

Group D consists of 1,132 common and contract carriers of specialized commodities. They differ from general freight carriers by typically hauling freight in full truckloads from shipper to receiver without the necessity to 'break' and consolidate loads at terminal facilities. These firms are subgrouped on the basis of principal commodity carried.

A general profile of the economic size of the major groups in the analysis is shown in the following table:

Proportion of Carrier Totals, 1984, In:

	Gross Revenues	Net Income	Total Assets	Operating Property(cost)
Group A	2.5%	1.5%	2.9%	3.0%
Group B	8.3	6.7	7.3	7.1
Group C	44.7	45.7	47.6	48.1
All Gen. Frt.	55.5	53.9	57.8	58.2
Specialized	44.5	46.1	42.2	41.8
Total	100.0%	100.0%	100.0%	100.0%
$Total (Millions)	$33,194	$726	$14,649	$13,750


SCOPE OF ANALYSIS
ICC AUTHORIZED CLASS I & II MOTOR CARRIERS OF PROPERTY
SHIPPER EXPENDITURES TRUCK TRANSPORTATION 1984 - BY MAJOR SEGMENT
ICC AUTHORIZED CARRIERS $52.1 BILLION (25.0%)
OTHER INTERCITY CARRIERS $68.5 BILLION (32.9%)
LOCAL CARRIERS $87.7 BILLION (42.1%)
REVENUES OF ICC AUTHORIZED CARRIERS BY SIZE OF FIRM 1984
CLASS I $38.2 BILLION (73.3%)
CLASS II $5.3 BILLION (10.2%)
CLASS III $8.6 BILLION (16.5%)
DISTRIBUTION OF REVENUES BY TYPE OF CARRIERS 1984
GENERAL FREIGHT CARRIERS 55.5%
SPECIALIZED MOTOR CARRIERS 44.5%
LARGE GENERAL FREIGHT (REVENUES GREATER THAN $25 MILLION 44.7%
MEDIUM GENERAL FREIGHT (REVENUES BETWEEN $5 AND $25 MILLION) 8.3%
SMALL GENERAL FREIGHT (REVENUES BETWEEN $1 AND $5 MILLION)
HEAVY MACHINERY 1.7%
LIQUID PETROLEUM 5.1%
REFRIGERATED PRODUCTS 3.7%
AGRIC. COMMODITIES 1.1%
MOTOR VEHICLES 5.4%
BLDG. MATERIALS 3.0%
OTHER SPECIALIZED CARRIERS 16.2%
HOUSEHOLD GOODS CARRIERS 5.3%
*EXCLUDES REVENUES OF UNITED PARCEL SERVICES WHICH TOTALED $8.2 BILLION
SOURCE: 1984 FHWA MOTOR CARRIER ANNUAL REPORT

TERMINOLOGY

Income Statement Data

Gross Revenues: Total operating revenues derived from freight transportation services.

Depreciation: Noncash charges to income for use and obsolescence of carrier operating property and other fixed assets.

Purchased Transportation: The costs of revenue equipment rented from others, including affiliates, with or without hired drivers, as well as the costs of transportation purchased from railroads, airlines and water carriers.

Operating Expenses: Expenses which are directly a function of operations, including depreciation and purchased transportation. Noncarrier expenses and interest charges are not included.

Operating Income: Gross revenue less operating expenses.

Interest Expense: The cost, paid or accrued, of purchased money indebtedness from affiliates or others.

Net Income before Taxes: Income from continuing operations, after interest charges, but before income taxes and extraordinary gains or losses.

Income Taxes-Current: Includes taxes paid to the federal, state, and (if applicable) local government.

Deferred Income Taxes: Taxes arising principally from the difference in handling certain assets, such as tires and tubes, for book and tax purposes. Deferred taxes also includes investment tax credits, if applicable. This account is used in the cash throw equation.

Equity in Earnings of Affiliates: An account used in the cash throw equation.

Income before Extraordinary Items: Post-tax ordinary income excludes extraordinary gains and losses. Ratios which are developed from after-tax income figures such as net after taxes to equity and to gross revenues are based on post-tax ordinary income in this year's edition.

Extraordinary Items: Includes net gains or losses on unusual items such as the sale of land or securities and typically have minimal impact on net income.

Net Income after Taxes: The sum of post-tax ordinary and extraordinary income.

Balance Sheet Data: Assets

Cash: Cash, temporary investments, and special deposits.

Receivables from Affiliates: Notes and accounts receivable due from affiliated companies.

Notes and Accounts Receivable: Trade receivables (billings to shippers), interline receivables (billings to other carriers), and other receivables.

Prepaid Expenses: Office supplies, taxes, license and other fees, insurance, interest, and warehoused tires and tubes. Under ICC rules, tires and tubes in use may be either expensed at the outset of use or relegated to this accrual category, according to the discretion of management.

Materials and Supplies: These include fuel, spare parts, and unmounted tires and tubes. Inventories may be expensed when purchased or as they are withdrawn for use.

Other Current Assets: Includes the standard accounting term "other current assets" and deferred income tax charges.

Current Assets: The sum of cash, accounts receivable, prepaid expenses, materials and supplies, and other current assets.

Carrier Operating Property (Net): A motor carrier's "inventory," that is, revenue producing fixed assets such as trucks, tractors, trailers, buildings, land, leasehold improvements, and office equipment, as valued at cost, less accumulated depreciation and amortization.

Total Tangible Property: Net carrier operating property plus other net non-carrier operating property. The "other" property account includes items such as land purchased for expansion, or buildings, etc.

Intangible Assets: A combination of (a) the carrying values of operating authorities ("Rights") from the ICC and state regulatory bodies and (b) goodwill, principally from acquisitions of other companies and their properties, being the excess of cost over the net book value of the assets acquired. As a result of the Motor Carrier Act of 1980, the value of interstate operating authorities has been virtually eliminated.

Other Assets: Investments in and advances to affiliated companies; deferred and miscellaneous debits.

Liabilities and Equity

Payables to Affiliates: Notes and accounts payable to affiliated companies.

Notes Payable: Short-term debt used for cyclical working capital purposes, such as license fees and insurance premiums. The current portion of funded (long-term) debt does not fall into this category.

Accounts Payable: Operational trade payables.

Miscellaneous Payables and Accruals: Unpaid salaries and benefits, including health, welfare and withholding taxes, accrued dividends and other miscellaneous accounts.

Taxes Payable: Miscellaneous taxes due or accrued, such as income, real estate and highway use, but not deferred income taxes.

Current Portion of Funded Debt: The amount of funded debt due within one year.

Other Current Liabilities: Includes the current portion of advances payable, estimated accrued liabilities, other liabilities and deferred tax credits.

Current Liabilities: The sum of notes payable, accounts payable, miscellaneous payables and accruals, taxes payable, the current portion of funded debt and other current liabilities.

Advances Payable: Contains the non-current portion of advances payable, both to affiliated companies and other business enterprises.

Funded Debt: Secured or unsecured purchased money indebtedness taken for a term greater than one year and used primarily for revenue equipment and real estate purchases.

Total Long-Term Debt: The sum of long-term funded debt (excluding current maturities) and long-term advances payable.

Total Funded Debt: The total purchased money indebtedness of a company including long-term funded debt and the current portion of that debt. Long-term advances payable are not included here.

Reserves and Estimated Liabilities: Reserves covering cargo loss, damage and self-insurance programs.

Accumulated Deferred Tax Credits: Deferred income taxes resulting from the difference between book and tax treatment of depreciation.

Total Liabilities: The sum of current liabilities, total long-term debt, and reserves and estimated liabilities.

Stockholders' Equity: The equity in the assets held by proprietors, partnerships, and stockholders; comprises all classes of capital stock, capital surplus, and retained earnings, net of treasury stock.

Total Capital: Total long-term debt (funded debt due after one year and non-current advances payable) plus stockholders' equity.

Analytical Data: Profitability

Gross Revenues to Equity: One of several measures suggesting the degree of efficiency in employment of capital.

After-Tax Income to Equity: This ratio, return on shareholders' equity, or return on equity indicates how well the owner's investment dollars are used.

Gross Revenues to Carrier Operating Property (Net) and (at Cost): These measures tell how much revenue is produced by each dollar of operating equipment and are another index of management's efficiency. They are best applied to year-to-year comparisons of the same or very similar carriers; the amount of purchased transportation employed can otherwise affect the validity of comparisons.

Gross Revenues to Total Capital and Pre-Tax Income to Total Capital: Two additional operating ratios which measure the turnover of total capital on revenues and pre-tax income.

Pre-Tax and After-Tax Income to Gross Revenues: Well-known measures of profitability as the net profit margin. Since motor carriers typically show low margins on high volumes, even slight changes in these ratios may indicate significant trends.

Return on Transportation Investment: Net carrier operating income divided by carrier operating property (net) plus working capital expressed as a percent.

Expense Ratio: Total operating expenses plus interest expenses as a percentage of gross revenues. Unlike the operating ratio, the expense ratio also takes into account the cost of debt.

Operating Ratio: Operating expenses as a percentage of gross revenues. This is an important index of operating efficiency. Since it excludes extraordinary expenses, income taxes and interest, individual peculiarities are eliminated so that the ratio may be used as a measure of performance industry-wide.

Liquidity

Cash Throw: Net income after taxes plus depreciation, as defined, plus deferred income taxes accrued during the reporting period minus equity in the earnings of affiliated companies.

In the analysis, cash throw is compared to levels of debt in the sense of the time to pay off debt. However, it is recognized that normal operations preclude using all cash throw solely for debt retirement since it is used for numerous other purposes. The time period coverage is offered as one measure of liquidity and should be evaluated relative to cash throw to debt coverage of the other carrier groups.

Working Capital: Current assets less current liabilities.

Current Ratio: The ratio of current assets to current liabilities. The working capital requirements of motor carriers are not comparable with those of other industries since inventories are relatively minor and receivables turn over relatively quickly.

Days of Cash Expenses in Working Capital: To compute, (a) subtract depreciation and the gain (loss) from disposition of operating assets from operating expenses to get cash operating expenses; (b) divide cash operating expenses by 365; (c) divide the result into working capital. This ratio measures the ability of the carrier to meet daily operating expenses from working capital. To service debt, it is cash throw from ongoing operations, not a diminution of current assets, which is relevant, and, therefore, the days-of-cash ratio is a better indicator of operational viability than the current ratio.

Average Days Collection Period: Notes and accounts receivable times 365 divided by gross revenues. This ratio is helpful in analyzing the collectibility of receivables. When comparing the collection period of one firm or industry with that of another allowances should be made for possible variations in selling terms. Note that the collection period ratio shown herein, relating revenues to receivables, does not specifically address the collection procedure of motor carrier groups; however, it is indicative of relative turnover of receivables.

Leverage & Debt Service

Funded Debt to Equity: The ratio of total funded debt, including current maturities, to shareholders' equity. If current operations can be adequately funded from working capital, this ratio reveals the degree of protection afforded to long-term lenders.

Net Debt to Equity: Funded debt due after one year less working capital, divided by stockholders' equity. A more sharply-honed version of the preceding ratio, since it does not include working capital, which ought to be sufficient to cover current operations.

Funded Debt to Tangible Net Worth: Total funded debt divided by stockholders' equity less intangibles. This ratio is another "fine-tuned" version of the debt to equity ratio in that intangibles are eliminated from stockholders' equity.

Cash Throw to Debt Due in One Year: Cash throw divided by current portion of funded debt. This ratio, which indicates the ability to service the current portion of long-term debt principal, is useful for analyzing smaller carriers which finance equipment purchases on an installment contract basis. Since revolving credit arrangements do not provide for current maturities, the ratio will be misleading when applied to carriers using this financing vehicle. An axiom of lenders is that carriers should be able to cover current debt maturities through depreciation alone.

Cash Throw to Total Funded Debt: This index reveals the proportion of total funded debt that could be repaid in one year if all cash throw were directed to that end. As such, it yields a better measure of the ability of carriers who use equipment revolvers to service their debt than does the preceding ratio. The reciprocal of this ratio is the number of years required to repay debt completely, and it

may usefully be compared with the average remaining life of carrier operating property.

Interest to Total Funded Debt: This index shows the percentage interest payments represent of total funded debt.

Net Carrier Operating Property to Net Worth: As a measure of owners' equity in operating property, this ratio points to the relative adequacy of capitalization as well as to efficient use of capital.

Additional Ratios

Receivables to Payables: Notes and accounts receivable divided by notes payable plus accounts payable.

Depreciation to Debt Due in One Year: Depreciation divided by funded debt due in "one" year.

Total Tangible Property to Equity: Total tangible property divided by stockholders' equity.

Income before Extraordinary Items to Equity, Percent: Net income after taxes, but before extraordinary and prior period items divided by stockholders' equity times 100.

Gross Revenues to Total Tangible Property: Gross revenues divided by total tangible property.

Productivity

Total Payroll to Revenues: This ratio suggests the degree of efficiency with which labor is employed. The ability to control payroll expenses will vary, of course, between different kinds of carriers and the ratio should be used with caution when comparing carriers of unlike kind.

Total Payroll (WPT) to Revenues: The ratio of total payroll (including purchased transportation) to revenues is a refinement of the preceding ratio. It too reveals efficiency in the use of personnel resources; it is more meaningful than the ratio of total payroll to revenues for analysing those carriers, such as Group D carriers, which rely heavily upon purchased transportation.

Cargo Handler Compensation to Revenues: Cargo handler compensation comprises one of the main components of total payroll, especially for general freight carriers. Thus, this ratio focuses upon one aspect of personnel costs.

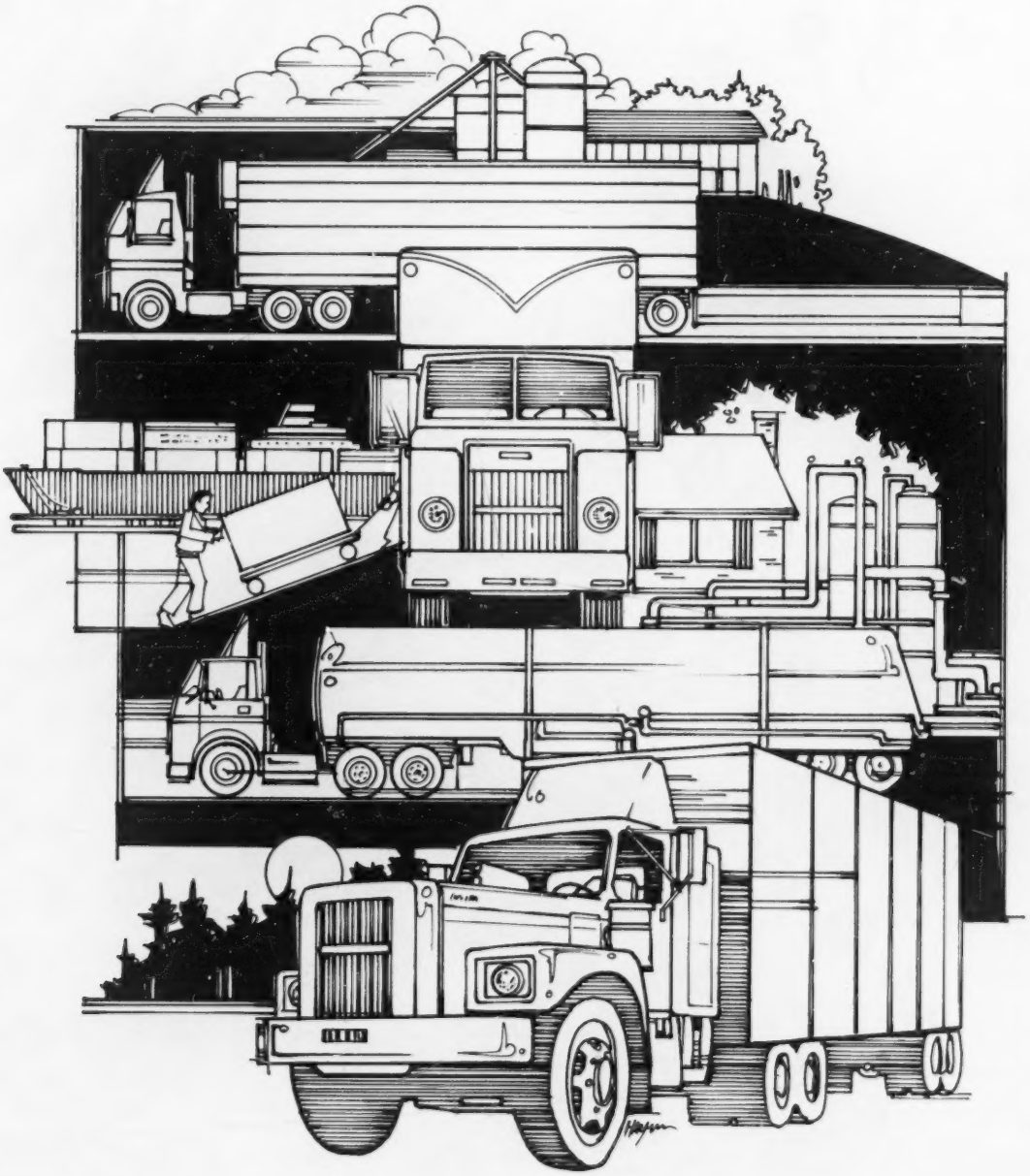
Linehaul Expenses to Revenues: The linehaul expense category aggregates the allocation of various operating expenses. The ratio thus gives yet another handle on operating productivity.

Average Load: An index of the utilization of productive capacity, derived from the ton-mile figures compiled by carriers. Ton-miles are perhaps the most troublesome statistic for motor carriers to generate, but should reflect a summation of the number of truck movements made during any period, with the relevant data for each truck movement being the tons handled multiplied by the mileage of the movement.

Total Tons: Total tons reflects a combination of tons handled in truckload and less-than-truckload amounts as well as tonnage from common and contract carrier intercity service.

Total Miles: Total miles reflects intercity miles with owned vehicles and vehicles rented with and without driver as well as driveaway miles.

CARRIER GROUP ANALYSES



COMPOSITE CARRIER GROUPS A, B, C & D

Overview

Increases in economic activity in 1984 provided business gains for I.C.C. authorized carriers. Continuing increases in competitors, rate cutting and escalating expenses led to slipping profits. Equipment replacements continued, with debt levels and interest expenses rising. Interest rates remain very affordable. Cash flow increased modestly while working capital declined. Specialized carriers as a group achieved better results than general freight carriers. Larger motor carriers continue to show better profits and margins than smaller firms. These are among the major themes of the trucking environment in 1984.

Trucking business levels, measured by tonnage moved, increased in 1984 leading to growth in miles travelled and producing revenue gains for the industry. This follows similar changes in 1983, contrasted to four preceding years of falling volume. However, improvement in earnings seen in 1983 was not sustained. This was disappointing for a number of reasons. First, the profit growth in 1983 brought the industry only partway to recovery--to a 2.2% profit margin. This is still more than 25% lower than traditional margins of 3 percent. Second, profits fell when business increases suggest they wouldn't, an obvious sign of overcapacity and confirmation of the prevalence of significant relative rate cutting. Third, the need for equipment replacements continue beyond levels of investment made in 1984. Sales of class 6, 7, and 8 trucks (over 19,500 pounds) totalled 298,702 in 1984. This was 55% greater than in 1983, but 26% less than 402,457 sold in 1979. Sales in 1985 are running at a pace about 3% greater than 1984.

Low industry profits, for the sixth year in a row, have not allowed sound equity reserves to be built. Debt financing has proved necessary. But the profit situation does not produce the most favorable lender attitude, thus, not the most attractive terms possible. This results in an interest rate penalty and an additional drain on net income at the margin for all but the most well financed companies.

Operating expenses rose rapidly in 1984 and into 1985, essentially the same dilemma faced since 1978. Expenses are increasing faster than revenues. Data in this analysis touch the problem, showing total expenses and revenues. The expense increases, though, are far from uniform across all categories.

In the late 70's and early 80's, fuel costs rose due to the second oil crisis. When these prices leveled, the Surface Transportation Assistance Act levied substantial hikes in fuel, registration and usage taxes. Fringe benefit outlays have risen rapidly since 1978, especially for union carriers. This stems from multi-employer pension plan legislation. The current National Master Freight Agreement will result in increased outlays for salaries and wages, especially for those carriers unable to achieve future growth and take advantage of lower initial wages for new hires, casuals and employees brought back from layoff.

Wage adjustments, though, continue to be made through the use of employee stock ownership plans (ESOP's) where present wages are traded for company stock. Used mainly by LTL (less-than-truckload) carriers whose earnings have slipped toward or into the red, ESOP's can reduce levels of overall operating expenses from 5 to 10% (depending on the labor proportion to total expenses) and provide breathing space in terms of both freed up cash for liquidity purposes and investment funds for capital improvements.

Rapid cost increases have also materialized in non-traditional areas of indirect (overhead) expenses. Firms are spending abnormal amounts to secure freight, ward off competition, and pursue their market niche. Carrier demand is high for talented analysts, salesmen, pricing specialists, computer professionals, consultants and other "white collar" expertise. Far lesser demands, and frequent layoffs, face drivers, mechanics, cargo handlers and other traditional operating personnel, providing an interesting comment to adjusting to the free market operating environment.

The planning and marketing explosion, the quest for the proper price/service package, and the intensity of competitive interaction have had significant impact in numerous related areas of indirect expenses. Outlays are high for tariff development and continued adjustment, for computer equipment, software and data bases, for advertising, for communications, for freight tracing systems, improved routing procedures, for new service developments and product diversification. In short, the efforts to differentiate the company's service, widespread among all carriers, have resulted in substantial overhead outlays--investments predicated on keeping ahead of competitiors. The key at present is to survive the continuing shakeout and position the firm for future growth.

Pressures in these many areas of increasing expenses have kept total expenses high and operating income depressed. In 1984, only 900 of the 1,822 carriers in this analysis (49.4%) improved net income from 1983 (either from higher earnings or compared to 1983 losses), even though three-fourths of the firms generated higher revenues and two-thirds showed growth in tonnage and miles. The remaining 922 carriers either saw net income shrink, or they experienced 1984 losses. Twenty-eight percent of all companies had operating losses; twenty-five percent had net losses in 1984.

Carrier Group Comparisons - 1984/1983

As in the 1984 Financial Analysis, this section provides a general comparison of business levels, profitability, liquidity and debt standing for the major groups of carriers. The general freight carriers, small, medium and large, are synonymous with Groups A, B, and C. The specialized carriers fall into Group D.

Business Improves

Revenues of each group increased in 1984, led by the 14% gain of specialized carriers, who also showed higher increases in both tonnage and miles operated. (Table 1) The overall gain for general freight carriers was a near 10% growth in revenues. This is a change from 1983, when general freight growth exceeded specialized freight. Within the general freight segments, however, the revenue growth was concentrated among medium and large firms, with small carriers lagging--similar to what

Table 1

	Percent Change, 1984 vs. 1983, in: Revenues	Tonnage	Mileage
General Freight			
Small	4.8%	5.5%	2.5%
Medium	9.9	11.3	10.6
Large	9.8	4.0	7.8
All General Freight	9.6	5.9	8.0
Specialized Carriers	14.0%	9.9%	10.9%

happened in 1983. This confirms the continuing revenue concentration in trucking which reportedly has been underway for many years and shows no sign of abating.

The general freight tonnage gain was 6 percent overall, less tnan the specialized carriers' 10 percent growth. Influencing these relative gains are factors other than economic growth, however, as general freight firms continue to focus on LTL freight, their primary freight bases. The truckload freight is being grabbed by the full load operator whose differing cost structure and characteristics provide a virtually unmatchable floor in rate levels.

Earnings Show Mixed Changes

The earnings performance in 1984, shown in Tables 2 through 4, shows mixed results. Profits improved for specialized firms but mainly declined for general freight, a product of changes in expenses relative to growth in revenues. Operating profits of specialized carriers increased 23%, improving their operating ratio to 96.56 from 96.81. Their net profits grew 18.6%, affording a 2.23 percent profit margin from 1983's 2.13 percent. In contrast, expenses eroded revenue gains in general freight, resulting in sliding operating profits (down 10.9%) and net income (off 13.1%). The operating ratio rose to 96.22 and the profit margin fell to 2.0%. The general freight operating ratio remains fractionally better than for specialized firms. The profit margin, though, is worse.

Firm size remains associated with relative profitability in general freight. As in 1983, the larger general freight carriers achieved results superior to medium and small companies. Again, the smallest carriers are the least profitable even though they were the only general freight group showing 1984 improvements. The small firms operating ratio improved to 98.09 from 98.12, but is significantly higher than 95.92 for larger firms (Table 3). The profit decline for medium size firms, operating ratio rising from 96.97 to 97.24, places them only marginally better than the smaller carriers. Indeed, their net profit margin of 1.43 percent in 1984 is worse than the 1.46 percent for smaller carriers. The profit margin of both these groups is unquestionably too low considering two years of increasing business. The largest general freight carriers' profit margin, 2.16%, marked a substantial drop from 2.82% a year earlier and is also in need of substantial improvement.

The 1984 swing in earnings favoring specialized carriers is very evident from returns on equity and transportation investment. From a 1983 level of 12.44 percent, 46 basis points higher than specialized carriers, the general freight R.O.E. declined to 9.77 percent (Table 4). The specialized firms' R.O.E. increased from 11.98 percent to 12.99, and stands 322 basis points higher than general freight in 1984. The same reversal occurred in return on investment. By these measures, also, the large general freight carriers exceed the profitability of other size carriers, and small firms lag their medium size competitors.

Liquidity Slips Overall

Carrier liquidity, like profits, showed mixed changes from 1983, although more deterioration than improvement was evident. Cash throw improved for specialized carriers by 13.4 percent, not surprising given the increase in earnings. Cash throw also improved in general freight as increases in depreciation charges offset the decline in income. The general freight cash throw gain of 1.6%, however, did not keep pace with overall

Table 2

	Percent Change, 1984 vs. 1983 in: Revenues	Expenses	Operating Profits	Net Profits
General Freight				
Small	4.8%	4.7%	6.3%	(6.1)%
Medium	9.9	10.2	(0.1)	(13.0)
Large	9.8	11.0	(12.5)	(13.3)
All General Freight	9.6	10.6	(10.9)	(13.1)
Specialized Carriers	14.0%	13.7%	23.1%	18.6%

Table 3

	Operating Ratio 1984	1983	Net Profit Margin 1984	1983
General Freight				
Small	98.09	98.12	1.46	1.45
Medium	97.24	96.97	1.43	1.89
Large	95.92	94.88	2.16	2.82
All General Freight	96.22	95.35	2.02	2.61
Specialized Carriers	96.56	96.81	2.23	2.13

Table 4

	Return on Equity 1984	1983	Return on Trptn Invest. 1984	1983
General Freight				
Small	6.57	6.47	7.76	8.09
Medium	8.69	11.09	13.24	15.11
Large	10.12	13.01	15.67	19.30
All General Freight	9.77	12.44	15.02	18.32
Specialized Carriers	12.99	11.98	15.67	14.64

levels of activity and thus has weakened.

Table 5 also shows an industry decline in working capital, culminating in a deteriorating current ratio and a pronounced reduction in operating expense coverage from working capital funds (Table 6). Declines in these measures affected the specialized carrier group and the large general freight carriers. Medium and small general freight firms, in fact, registered improvements and fairly sound levels in these factors of liquidity.

Leverage Increases

By virtually all measures, the industry in 1984 was more leveraged than a year ago as amounts of funded debt increased disproportionately. This contrasts with recent historical performance of reducing debt levels, but is consistent with increasing 1984 investments in new equipment and facilities. The equipment purchase deferrals, which occurred from 1980 to 1982, are behind the industry as equipment replacements, beginning in 1983, were stepped up in 1984.

Table 7 shows funded debt levels in all segments exceeding the growth in total assets by significant proportions, and percentage-wise exceeding the change in carrier operating property at cost (see Table 11, third column). Debt levels escalated far more swiftly among specialized carriers than general freight as a group, although medium size general freight firms also had marked increases. Both specialized carriers and medium general freight showed debt to equity levels jump from 0.46 in 1983 to 0.54, a reasonably high burden (Table 8). Debt to equity increased in other groups as well, but by far smaller magnitudes. The largest general freight carriers are best situated by this measure.

The steep debt increase, coupled with modest cash throw gains, resulted in declining cash throw coverage of debt (Table 9). Interpreted in terms of a debt payoff time period[1], cash throw coverage is trending toward a two year payoff for small and medium size general freight carriers, a year and a half for specialized carriers and more than a year for large general freight. In all cases, this is a longer pay off period than in 1983.

Table 5

	Cash Throw		Working Capital	
	1984 Mil $	% Change from 1983	1984 Mil $	% Change from 1983
General Freight				
Small	$ 47.51	4.1%	$ 51.27	11.6%
Medium	139.47	2.1	136.15	13.7
Large	896.45	1.4	299.66	(53.7)
All General Freight	1,083.43	1.6	487.09	(40.1)
Specialized Carriers	$ 899.53	13.4%	$528.57	(7.6)%

Table 6

	Current Ratio		Days Cash Operating Expenses in working Cap.	
	1984	1983	1984	1983
General Freight				
Small	1.37	1.35	23.56	22.09
Medium	1.38	1.35	19.09	18.49
Large	1.15	1.35	7.98	19.18
All General Freight	1.20	1.35	10.40	19.22
Specialized Carriers	1.25	1.32	14.02	17.29

Table 7

	Percent Changes, 1984 vs. 1983, in:		
	Interest Expenses	Funded Debt	Total Assets
General Freight			
Small	10.9%	19.1%	5.9%
Medium	21.5	26.0	9.0
Large	13.2	15.9	10.7
All General Freight	14.4	17.9	10.2
Specialized Carriers	19.1%	29.5%	17.5%

Table 8

	Funded Debt To Equity		Net Debt To Equity	
	1984	1983	1984	1983
General Freight				
Small	0.44	0.38	0.05	0.03
Medium	0.54	0.46	0.10	0.06
Large	0.31	0.29	0.16	0.02
All General Freight	0.34	0.31	0.15	0.02
Specialized Carriers	0.54	0.46	0.18	0.09

Interest Burden Increasing Despite Lower Rates

A blessing to the industry is low interest rates. Even for more risky carriers, saddled with appropriately higher rates than sound companies, borrowing seems a bargain from a few years ago. However, the expense itself must not be overlooked.

By comparing interest to funded debt (Table 9), each group showed lower ratios than in 1983. It is "improvement" on its face. However, it also reflects the influence of a large jump in debt--the denominator in the equation -- and is further affected by timing. This means the interest expense of debt obtained during the year (included in the numerator) does not reflect the interest outlay over the year.

The issue though boils down even further--the effect of interest on income and vice versa. The investment of

[1]A cash throw to funded debt ratio of 100 means figuratively that all existing debt could be paid off in one year by applying all cash throw solely to this goal. A 50 ratio means a two year payoff.

Table 9

	Cash Throw To Funded Debt		Interest To Funded Debt	
	1984	1983	1984	1983
General Freight				
Small	59.70	66.27	11.96	12.85
Medium	56.27	69.45	12.01	12.46
Large	91.66	104.74	13.95	14.29
All General Freight	82.83	96.10	13.46	13.87
Specialized Carriers	65.47	74.77	13.14	14 30

Table 10

	Interest Expense as Percent of:			
	Revenues		Net carrier Oper. Income	
	1984	1983	1984	1983
General Freight				
Small	1.2%	1.1%	60.9%	58.4%
Medium	1.1	1.0	39.0	32.1
Large	0.9	0.9	22.6	17.5
All General Freight	1.0	0.9	25.3	19.7
Specialized Carriers	1.2%	1.2%	35.5%	36.7%

Table 11

	Carrier Operating Property Percent depreciated		% Ch 1984 vs 1983, in Oper. Prop. at cost	Deprec. Reserve
	1984	1983		
General Freight				
Small	61.9%	62.3%	9.3%	8.6%
Medium	54.9	56.2	10.9	8.4
Large	46.3	49.6	13.9	6.3
All General Freight	48.1	51.1	13.3	6.7
Specialized Carriers	52.8%	55.2%	14.4%	9.3%

Table 12

	Purch. Trptn. Exp. As Percent of Revenues		Gross Revenues to Net Carr. Oper.	
	1983	1982	1983	1982
General Freight				
Small	18.3%	18.3%	5.40	5.70
Medium	29.4	28.8	6.29	6.54
Large	12.2	12.9	4.17	4.61
All General Freight	15.1	15.6	4.44	4.87
Specialized Carriers	36.0%	36.5%	5.44	5.76

borrowed funds must produce a long run return greater than the cost of the borrowed funds. Comparing "interest to funded debt" from Table 9, with "return on transportation investment" from Table 4, it appears that appropriate returns were generated both in 1983 and 1984. On the other hand the dollars of revenue per dollar of operating property slipped in 1984 (see Table 12, columns 3 and 4).

Also, note the growth in interest expense (Table 7) compared to changes (declines for many) in operating profits (Table 2)--the income used to pay interest charges. This relationship is highlighted in Table 10, showing interest in 1984 taking a higher percent of operating income in the general freight segment than in 1983 and about the same from specialized carriers, despite their 23% growth in operating profits. The interest burden of small general freight carriers is quite steep at over 60% of operating profits.

Table 10 also shows interest expense as a percent of revenue, the level generally increasing in 1984.

Equipment Investments

Carrier investment in equipment accelerated in 1984. In this analysis, it is confirmed by changes in the operating property accounts indicated by Table 11, with increases in the property accounts ranging from 9.3% to 14.4%. These levels of investment were from 2 to 3 times higher than in 1983. For the first time since 1979, investment exceeded depreciation. This, a way of evaluating new equipment versus old, means a less aged fleet in the business. On the basis of percent depreciated, total property was less depreciated, hence newer, for all segments in 1984 than the year earlier. However, wide differences in fleet age persist, with small general freight carriers in the worst shape again.

With increased equipment investments, use of purchased transportation stabilized after growing for many years. This account reflects vehicle leasing, with and without driver, and expenditures for intermodal service (proportionally still a small amount). Although now stable, use of purchased transportation remains at peak levels within the industry.

Much interest surrounds the trend in use of owner-operators, especially within the general freight segment. Was this growth temporary, a substitute for buying new equipment? Was (is) it the means of survival competition, designed to (1) compete at reduced rates, and/or (2) to exert pressure against high wage demands? Or is owner-operator usage the wave of the future, a long term transitional phenomenon?

Summary

This overview shows an industry still adapting to a new operating environment, undergoing a struggle generating profits and maintaining financial strength. Business improvements alone, unless at some exceptional level, are not offsetting the volatile increases in the cost of doing business. The specialized carriers led the improvements in 1984, although large general freight firms maintained the best financial position. Medium and small general freight firms are showing financial problems, with the small carriers clearly in the worst overall position.

Composite Carrier Group A, B, C, & D

	TOTAL GROUP A				TOTAL GROUP B			
NUMBER OF CARRIERS	332				242			
YEAR	1984		1983		1984		1983	
INCOME STATEMENT	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%
INCOME & EXPENSE DATA								
GROSS REVENUES	843.38	100.0	805.01	100.0	2,766.08	100.0	2,517.44	100.0
DEPRECIATION	36.75	4.4	34.07	4.2	95.87	3.5	83.88	3.3
PURCHASED TRANSPORTATION	154.56	18.3	147.25	18.3	814.08	29.4	725.66	28.8
TOTAL OPERATING EXPENSES	827.28	98.1	789.85	98.1	2,689.83	97.2	2,441.11	97.0
NET CARRIER OPERATING INCOME	16.10	1.9	15.15	1.9	76.25	2.8	76.33	3.0
INTEREST EXPENSE	9.81	1.2	8.85	1.1	29.77	1.1	24.51	1.0
NET INCOME BEFORE TAXES	15.61	1.9	15.98	2.0	61.75	2.2	71.12	2.8
INCOME TAXES-CURRENT	4.85	0.6	4.41	0.5	18.14	0.7	18.41	0.7
DEFERRED INCOME TAXES	1.23-	0.1-	0.13-	0.0	2.43	0.1	2.29	0.1
OTHER ADJUSTMENTS TO INCOME	0.29	0.0	0.07-	0.0	1.52-	0.1-	2.80-	0.1-
INCOME BEFORE EXTRA ITEMS	12.28	1.5	11.64	1.4	39.86	1.4	47.62	1.9
EXTRAORDINARY ITEMS	0.99-	0.1-	0.39	0.0	8.78	0.3	8.06	0.3
NET INCOME AFTER TAXES	11.29	1.3	12.03	1.5	48.44	1.8	55.68	2.2
BALANCE SHEET								
ASSETS								
CASH	52.43	12.4	49.79	12.5	128.10	12.0	128.89	13.2
RECEIVABLES FROM AFFILIATES	15.36	3.6	11.15	2.8	48.71	4.6	38.25	3.9
NOTES & ACCOUNTS RECEIVABLE	99.73	23.6	94.92	23.8	266.43	25.0	243.94	24.9
PREPAID EXPENSES	12.28	2.9	10.62	2.7	32.62	3.1	29.73	3.0
MATERIALS & SUPPLIES	4.98	1.2	5.24	1.3	17.26	1.6	16.21	1.7
OTHER CURRENT ASSETS	5.77	1.4	4.31	1.1	2.67	0.2	3.61	0.4
TOTAL CURRENT ASSETS	190.55	45.1	176.03	44.2	495.81	46.4	460.63	47.0
CARRIER OPERATING PROPERTY	409.62	97.1	374.81	94.0	974.45	91.3	878.42	89.7
RESERVE FOR DEPRECIATION	253.46	60.1	233.47	58.6	534.59	50.1	493.21	50.4
CARRIER OPERATING PROPERTY NET	156.17	37.0	141.34	35.5	439.86	41.2	385.21	39.3
TOTAL TANGIBLE PROPERTY	173.44	41.1	159.92	40.1	473.99	44.4	415.18	42.4
INTANGIBLES	6.47	1.5	7.02	1.8	14.39	1.3	14.71	1.5
OTHER ASSETS	51.59	12.2	55.62	14.0	83.45	7.8	88.84	9.1
TOTAL ASSETS	422.05	100.0	398.60	100.0	1,067.64	100.0	979.35	100.0
LIABILITIES & EQUITY								
PAYABLES TO AFFILIATES	12.57	3.0	11.08	2.8	40.17	3.8	35.99	3.7
NOTES PAYABLE	13.01	3.1	9.07	2.3	20.11	1.9	19.00	1.9
ACCOUNTS PAYABLE	60.67	14.4	60.20	15.1	125.34	11.7	127.60	13.0
MISC PAYABLES & ACCRUALS	7.57	1.8	9.15	2.3	26.85	2.5	27.58	2.8
TAXES PAYABLE	6.60	1.6	5.81	1.5	18.44	1.7	16.94	1.7
FUNDED DEBT DUE WITHIN ONE YEAR	21.16	5.0	17.17	4.3	66.09	6.2	50.35	5.1
OTHER CURRENT LIABILITIES	17.71	4.2	17.59	4.4	62.65	5.9	63.40	6.5
TOTAL CURRENT LIABILITIES	139.28	33.0	130.09	32.6	359.65	33.7	340.85	34.8
ADVANCES PAYABLE	25.30	6.0	29.74	7.5	37.99	3.6	34.69	3.5
FUNDED DEBT DUE AFTER ONE YEAR	60.89	14.4	51.71	13.0	181.77	17.0	146.34	14.9
TOTAL LONG TERM DEBT	86.19	20.4	81.45	20.4	219.76	20.6	181.03	18.5
TOTAL FUNDED DEBT	82.05	19.4	68.88	17.3	247.86	23.2	198.68	20.1
RESERVES & EST LIABILITIES	5.60	1.3	1.74	0.4	9.73	0.9	8.58	0.9
ACCUM DEFERRED TAX CREDITS	4.11	1.0	5.27	1.3	21.93	2.1	19.38	2.0
TOTAL LIABILITIES	235.17	55.7	218.55	54.8	611.08	57.2	549.84	56.1
STOCKHOLDER'S EQUITY	186.88	44.3	180.05	45.2	456.56	42.8	429.51	43.9
TOTAL CAPITAL	273.07	64.7	261.50	65.6	676.32	63.3	610.54	62.3
TOTAL LIABILITIES & EQUITY	422.05	100.0	398.60	100.0	1,067.63	100.0	979.35	100.0
ANALYTICAL DATA	1984 RATIOS		1983 RATIOS		1984 RATIOS		1983 RATIOS	
OPERATING PERFORMANCE								
GROSS REVENUES TO EQUITY	4.51		4.47		6.06		5.86	
GROSS REVENUES TO TOTAL CAPITAL	3.09		3.08		4.09		4.12	
GROSS REVENUES TO NET CARR OPER PROP	5.40		5.70		6.29		6.54	
GROSS REVENUES TO CARR OPER PROP (COST)	2.06		2.15		2.84		2.87	
PRE TAX INCOME TO GROSS REVENUES %	1.85		1.99		2.23		2.83	
PRE TAX INCOME TO TOTAL CAPITAL, %	5.72		6.11		9.13		11.65	
AFTER TAX INCOME TO GROSS REVENUES %	1.46		1.45		1.43		1.89	
AFTER TAX INCOME TO EQUITY, %	6.57		6.47		8.69		11.09	
RETURN ON TRANSPORTATION INVESTMENT, %	7.76		8.09		13.24		15.11	
EXPENSE RATIO %	99.25		99.22		98.32		97.94	
OPERATING RATIO %	98.09		98.12		97.24		96.97	
AVERAGE REVENUE PER CARRIER	2.54		2.42		11.43		10.40	
NET INCOME PER CARRIER	0.04		0.04		0.18		0.20	
LIQUIDITY								
CASH THROW OFF, DOLLARS	47.51		45.65		139.47		138.59	
WORKING CAPITAL, DOLLARS	51.27		45.94		136.15		119.78	
CURRENT RATIO	1.37		1.35		1.38		1.35	
DAYS CASH OPER EXP IN WORK CAP	23.56		22.09		19.09		18.49	
AVERAGE DAYS COLLECTION PERIOD	43.16		43.04		35.16		35.37	
LEVERAGE & DEBT SERVICE								
FUNDED DEBT TO EQUITY	0.44		0.38		0.54		0.46	
NET DEBT TO EQUITY	0.05		0.03		0.10		0.06	
FUNDED DEBT TO TANGIBLE NET WORTH	0.45		0.40		0.56		0.47	
CASH THROW TO FUNDED DEBT DUE IN ONE YR %	224.56		265.80		211.04		271.30	
CASH THROW TO TOTAL FUNDED DEBT %	57.90		66.27		56.27		69.45	
INTEREST TO TOTAL FUNDED DEBT %	11.96		12.85		12.01		12.46	
CARRIER PROPERTY (NET) TO EQUITY	0.84		0.79		0.96		0.90	
ADDITIONAL RATIOS								
RECEIVABLES TO PAYABLES	1.35		1.37		1.83		1.86	
DEPREC TO DEBT DUE IN ONE YEAR	1.74		1.98		1.45		1.87	
TOTAL TANG PROP TO EQUITY	0.93		0.89		1.04		0.97	
INCOME BEFORE EXTRA ITEMS ETC TO EQUITY %	6.57		6.48		9.07		11.94	
GROSS REVENUES TO TOTAL TANG PROP	4.86		5.03		5.84		6.06	
PRODUCTIVITY MEASURES (INT-CTY CARR ONLY)								
TOTAL PAYROLL TO REVENUES %	29.67		30.20		26.04		26.97	
TOTAL PAYROLL (WPT) TO REVENUES %	47.62		48.31		53.92		53.83	
CARGO HANDLER COMPEN TO REVENUES %	2.75		3.02		3.47		3.71	
LINEHAUL EXPENSES TO REVENUES %	44.19		44.68		50.53		49.28	
REVENUE PER TON MILE, CENTS	17.12		17.06		15.18		15.89	
AVERAGE LOAD, TONS	10.25		10.26		11.85		11.25	
TOTAL TONS, THOUS	15,160.95		14,366.18		41,821.81		37,581.78	
TOTAL MILES, THOUS	300,983.59		293,724.56		1,140,662.34		1,031,187.28	

TOTAL GROUP C 116 1984		1983		TOTAL A B & C 1984		1983		TOTAL D 1132 1984		1983	
$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%
14,819.49	100.0	13,494.19	100.0	18,428.94	100.0	16,816.64	100.0	14,765.31	100.0	12,954.92	100.0
538.06	3.6	489.28	3.6	670.67	3.6	607.23	3.6	564.67	3.8	516.29	4.0
1,812.60	12.2	1,743.75	12.9	2,781.24	15.1	2,616.66	15.6	5,319.34	36.0	4,724.34	36.5
14,215.41	95.9	12,803.89	94.9	17,732.53	96.2	16,034.86	95.4	14,256.98	96.6	12,541.96	96.8
604.06	4.1	690.30	5.1	696.41	3.8	781.77	4.6	508.33	3.4	412.96	3.2
136.44	0.9	120.55	0.9	176.02	1.0	153.91	0.9	180.58	1.2	151.66	1.2
495.61	3.3	617.98	4.6	572.97	3.1	705.08	4.2	479.61	3.2	396.07	3.1
137.23	0.9	223.57	1.7	160.22	0.9	246.39	1.5	144.75	1.0	119.07	0.9
69.92	0.5	35.94	0.3	71.11	0.4	38.10	0.2	21.25	0.1	14.94	0.1
32.01	0.2	21.83	0.2	30.78	0.2	18.97	0.1	15.77	0.1	13.85	0.1
320.48	2.2	380.30	2.8	372.42	2.0	439.56	2.6	329.38	2.2	275.90	2.1
11.12	0.1	2.23	0.0	18.91	0.1	10.68	0.1	5.36	0.0	6.33	0.0
331.60	2.2	382.53	2.8	391.33	2.1	450.24	2.7	334.74	2.3	282.23	2.2
342.77	4.9	666.72	10.6	523.29	6.2	845.41	11.0	466.49	7.5	454.69	8.6
121.65	1.7	139.57	2.2	185.72	2.2	188.97	2.5	317.83	5.1	273.63	5.2
1,394.16	20.0	1,267.87	20.1	1,760.32	20.8	1,606.72	20.9	1,450.46	23.5	1,335.73	25.4
247.98	3.6	221.76	3.5	292.88	3.5	262.12	3.4	219.55	3.6	171.75	3.3
125.88	1.8	138.88	2.2	148.14	1.7	160.33	2.1	114.59	1.9	110.28	2.1
56.97	0.8	42.94	0.7	65.41	0.8	50.86	0.7	79.31	1.3	39.75	0.8
2,289.40	32.8	2,477.74	39.3	2,975.76	35.2	3,114.40	40.6	2,648.23	42.8	2,385.83	45.3
6,618.92	94.9	5,811.51	92.2	8,002.99	94.5	7,064.75	92.0	5,747.31	93.0	5,022.05	95.4
3,064.34	43.9	2,883.42	45.8	3,852.39	45.5	3,610.10	47.0	3,032.79	49.1	2,774.05	52.7
3,554.58	51.0	2,928.09	46.5	4,150.60	49.0	3,454.65	45.0	2,714.53	43.9	2,248.00	42.7
3,593.91	51.5	2,962.10	47.0	4,241.34	50.1	3,537.19	46.1	2,839.41	45.9	2,364.93	44.9
88.19	1.3	73.81	1.2	109.04	1.3	95.53	1.2	95.70	1.5	42.79	0.8
1,004.59	14.4	787.16	12.5	1,139.83	13.5	931.62	12.1	599.63	9.7	468.85	8.9
6,976.08	100.0	6,300.80	100.0	8,465.77	100.0	7,678.75	100.0	6,182.97	100.0	5,262.40	100.0
116.86	1.7	88.59	1.4	169.60	2.0	135.66	1.8	280.38	4.5	230.91	4.4
32.37	0.5	14.65	0.2	65.49	0.8	42.72	0.6	181.04	2.9	111.40	2.1
569.00	8.2	564.37	9.0	755.01	8.9	752.16	9.8	703.83	11.4	673.00	12.8
199.89	2.9	161.66	2.6	234.31	2.8	198.40	2.6	106.27	1.7	100.90	1.9
125.02	1.8	138.38	2.2	150.07	1.8	161.13	2.1	113.21	1.8	90.21	1.7
180.39	2.6	145.50	2.3	267.64	3.2	213.02	2.8	388.68	6.3	290.42	5.5
766.20	11.0	716.84	11.4	846.55	10.0	797.84	10.4	346.25	5.6	317.06	6.0
1,989.74	28.5	1,830.00	29.0	2,488.67	29.4	2,300.93	30.0	2,119.66	34.3	1,813.90	34.5
448.38	6.4	342.03	5.4	511.66	6.0	406.47	5.3	259.31	4.2	151.57	2.9
797.65	11.4	698.17	11.1	1,040.31	12.3	896.22	11.7	985.24	15.9	770.49	14.6
1,246.02	17.9	1,040.20	16.5	1,551.97	18.3	1,302.68	17.0	1,244.55	20.1	922.05	17.5
978.04	14.0	843.67	13.4	1,307.94	15.4	1,109.23	14.4	1,373.92	22.2	1,060.91	20.2
214.01	3.1	188.14	3.0	229.34	2.7	198.46	2.6	55.10	0.9	50.70	1.0
359.65	5.2	319.47	5.1	385.70	4.6	344.12	4.5	228.61	3.7	172.32	3.3
3,809.43	54.6	3,377.80	53.6	4,655.68	55.0	4,146.19	54.0	3,647.93	59.0	2,958.98	56.2
3,166.65	45.4	2,922.99	46.4	3,810.09	45.0	3,532.55	46.0	2,535.04	41.0	2,303.42	43.8
4,412.68	63.3	3,963.20	62.9	5,362.06	63.3	4,835.23	63.0	3,779.60	61.1	3,225.48	61.3
6,976.08	100.0	6,300.80	100.0	8,465.77	100.0	7,678.75	100.0	6,182.97	100.0	5,262.40	100.0
1984 RATIOS		1983 RATIOS		1984 RATIOS		1983 RATIOS		1984 RATIOS		1983 RATIOS	
4.68		4.62		4.84		4.76		5.82		5.62	
3.36		3.40		3.44		3.48		3.91		4.02	
4.17		4.61		4.44		4.87		5.44		5.76	
2.24		2.32		2.30		2.38		2.57		2.58	
3.34		4.58		3.11		4.19		3.25		3.06	
11.23		15.59		10.69		14.58		12.69		12.28	
2.16		2.82		2.02		2.61		2.23		2.13	
10.12		13.01		9.77		12.44		12.99		11.98	
15.67		19.30		15.02		18.32		15.67		14.64	
96.84		95.78		97.18		96.27		97.78		97.98	
95.92		94.88		96.22		95.35		96.56		96.81	
127.75		116.33		26.71		24.37		13.04		11.44	
2.76		3.28		0.54		0.64		0.29		0.24	
896.45		883.69		1,083.43		1,065.93		899.53		793.29	
299.66		647.74		487.09		813.47		528.57		571.93	
1.15		1.35		1.20		1.35		1.25		1.32	
7.98		19.18		10.40		19.22		14.02		17.29	
34.34		34.29		34.86		34.87		35.86		37.63	
0.31		0.29		0.34		0.31		0.54		0.46	
0.16		0.02		0.15		0.02		0.18		0.09	
0.32		0.30		0.35		0.32		0.56		0.47	
496.95		607.35		404.81		500.39		231.43		273.15	
91.66		104.74		82.83		96.10		65.47		74.77	
13.95		14.29		13.46		13.87		13.14		14.30	
1.12		1.00		1.09		0.98		1.07		0.98	
2.32		2.19		2.15		2.02		1.64		1.70	
2.98		3.36		2.51		2.85		1.45		1.78	
1.13		1.01		1.11		1.00		1.12		1.01	
10.12		13.03		9.82		12.57		12.99		11.98	
4.12		4.56		4.35		4.75		5.20		5.48	
35.92		35.71		34.48		34.43		19.21		19.39	
47.75		48.22		48.52		48.92		55.81		56.35	
7.87		7.75		7.15		7.08		2.84		2.57	
40.05		40.12		41.50		41.42		76.19		77.12	
20.00		19.49		19.16		18.89		11.38		10.96	
12.87		13.02		12.59		12.60		12.40		12.39	
114,846.94		110,382.23		171,829.70		162,330.18		353,728.26		321,865.85	
5,385,155.34		4,994,150.37		6,826,801.27		6,319,062.20		7,832,434.39		7,065,309.35	

CARRIER GROUP A

General Freight Carriers With Revenues Less Than $5 Million Annually

Operating Performance

The smaller general freight carriers within Group A are clearly having difficulty generating profits in the current trucking environment. Although their tonnage increased in 1984 in line with all general freight carriers, they generated revenue increases only half the level of large and medium carriers. Expense increases were fractionally less than revenues, thus operating profits did increase. But profit levels per dollar of revenue are far inferior to other carriers. The Group A 98.09 operating ratio conforms to operating profits 30% lower than medium size firms (Group B) and 50% lower than large carriers (Group C).

As will be seen, group averages mask results for the individual subgroups which comprise the total. However, within Group A and its 9 regions, there are few exceptional performances by the measures of this analysis. In fact, two of its regional groups fall within the lower quartile of financial health and standing (see Summary Scorecard); none make the upper quartile.

Tonnage changes for 1984 ranged from 30% higher in the Northwest to 5% lower in the Southwest for Group A's small general freight carriers, a wide spread in activity. Seven regions showed tonnage gains; two declines. Revenue changes were much closer with all regions showing gains. They ranged from a low of 0.4% in the Pacific region to 8.3% in the Northwestern. Numerous regions were, in fact, closer to the top of the range than the Group's 4.8% average revenue growth. Following the Northwestern region were New England at 7.8%, Southwestern at 7.7%, Middle Atlantic at 7.3% and Midwestern at 6.4%. All in all, revenue improvements for these regions were not far out of line with overall general freight performance.

Group A's overall change in operating profits of 6.3% holds no bearing to changes within the regions, which showed great variability. The East clearly did better as operating profits grew 28% in New England, 42% in the Middle Atlantic and 37.2% in the Central. The only other region showing gain was the Rocky Mountain (19.7%). In the Northwestern region, the summarized carriers managed to lessen their operating loss, but were the only carrier **group** with an operating ratio over 100 in 1984, obviously ranking last in the industry.

The variability in profit change resulted in bunching year end operating ratios closer together. In 1983 the spread was from 95.73 to 102.07. In 1984, the best was 96.71; the worst 100.44. In both years the Southern region had the best operating ratio. The Middlewest had the worst. Four regions had operating ratios between 98 and 99; three between 97 and 98. This is dangerously marginal territory.

Net profits were not bunched like operating ratios. Three regions lead the others: the Pacific at a 2.74% profit margin, New England at 2.59% and Southwestern at 2.37%. Two regions lagged significantly with net loss margins: Rocky Mountain at (1.14)% and Midwestern at (1.09)%.

None of these margins are strong, but relative to industry results overall in 1984, the three leading regions are not that bad off. The two regions with losses are the only ones among all general freight carriers.

Returns on equity and on investment were very low for the most part. On return on equity, New England and Pacific led at 11.5% and 10.9%, respectively. The Midwestern and Rocky Mountain obviously trailed. The other regions' returns on equity fell between 4% and 8%. This fairly well reflects Group A's overall general freight average return of 9.77%.

Group A's returns on investment were equally low. Overall, the 7.76% return was about half the general freight composite. Seven Group A regions had 1984 returns on investment between 6.72% and 9.69%. High among this group was the 11.89% return in the Southern; low was the Midwestern carrier group.

Overall, carriers in the New England region show best profits among the small firms. The Southern, Southwest, and Pacific followed. The Midwestern and Rocky Mountain losses were some of the worst in the industry in 1984. Very thin margins are evident in the Northwestern region as well.

Liquidity

The liquidity position of Group A carriers improved in 1984 despite the earning problems and low margins. Both cash throw and working capital increased. The current ratio, fairly good in 1983 at 1.35, improved to 1.37 in 1984. Working capital coverage of daily operating expenses also improved from 22.09 days to 23.56 (compared to a decline for the industry overall).

Cash throw increased in six regions, fell in 3--a wide range of change. New England and Middle Atlantic, plus Midwestern and Southwestern all improved cash throw nicely, between 19 and 29 percent. In the Rocky Mountain, however, cash throw was negative in 1984. Two other regions showed declining cash throw-down 1% in the Southern but 30% less in the Northwestern. Of concern, however, is that almost 80% of Group A's cash throw comes from depreciation and not earnings. For all general freight carriers depreciation provides less than 62% of total cash throw.

Working capital improved for Group A carriers overall in 1984 compared to a decline for all general freight and specialized carriers. Within the regions, seven improved working capital; in two it was reduced (Middle Atlantic and Midwestern).

The level of working capital in Group A is fairly strong as reflected by both coverage of daily cash operating expenses (highest among all major groups) and by the strong group current ratio (1.38). Two regions, Rocky Mountain and Pacific, can cover more than 40 days cash operating expenses from working capital. Four other regions have coverage at greater than 20 days. Only in the Midwestern, with negative working capital, and in New England, where expense coverage dropped from 16 to 9 1/2 days, are there any problems.

Three of the regions have very strong current ratios--Rocky Mountain at 1.81 (best in the industry), the Northwestern at 1.70 and the Pacific at 1.63. Other strong regions are the Southern at 1.49, Middle Atlantic at 1.46 and the Southwestern at

1.38. Only one region, Midwestern, has a current ratio less than 1.0 -- current liabilities exceeding current assets.

All in all, liquidity among Group A firms remains strong in 1984, a credit to the group where earning margins have been depressed. In overall measures of liquidity, the Northwestern appears strongest in Group A, followed by the Rocky Mountain, Middle Atlantic and Pacific. The Midwestern, New England and Central regions are weak.

Investments/ Returns

Group A carriers increased their investment in carrier operating property (trucks, tractors, trailers, facilities, etc.) by 9.3% in 1984, three times higher than their investment increase during 1983. The injection of new equipment helped reduce the overall fleet age modestly. The fleet was 62.3% depreciated in 1983. This was reduced to 61.9% in 1984. The fleet is still very old by historic standards, as well as industry standards, and substantial new investments in the future will be required.

The highest rate of investment among the regions occurred in the Northwestern, where property at cost increased 23.4%. Other regions showed investment increases ranging from 3% to 14.5%--the lowest level in the Central. However, operating property still appears far too aged, based on percent depreciated, in most of the regions. Property in 5 regions is over 60 percent depreciated--the Pacific (almost 70% depreciated), Rocky Mountain, Central, Middle Atlantic and Southern. The Southwestern has the least depreciated fleet (52.45%) within Group A.

With purchased transportation accounting for over 18% of revenues, vehicle leasing remains a common alternative to transportation via owned equipment. Purchased transportation use was unchanged overall for the group in 1984 from 1983, and also within the regions. Each region, of course, has a different intensity of use of purchased transportation--from over 20% of total expenses in the Central, Midwestern, Rocky Mountain, and Pacific, to as low as 3% of expenses in the Southwestern.

As with other general freight carriers, though, the principal means of operating is via owned equipment, and financial concerns come significantly into play. Note, first, that the amount of revenues generated per dollar of operating property slipped from $5.70 in 1983 to $5.40 in 1984 for Group A overall, and declined in 7 of the 9 regions (the exceptions were the Middle Atlantic and Pacific). Second, as was mentioned earlier, the return on investment of the group, only half the general freight average, also declined further in 1984. Third, levels of funded debt, up 19.1%, increased at twice the pace of investments.

Leverage/ Debt Service

Funded debt levels for Group A carriers increased 19.1% from 1983 to 1984, three times faster than the growth in assets. With slim income levels, thus little added to retained earnings, debt to equity levels for the group rose from 0.38 in 1983 to 0.44 in 1984. This is not an excessive ratio unless income fails to improve and heavy future borrowing becomes necessary.

All regions increased funded debt in 1984, some moderately (Middle Atlantic, Central and Pacific) and others fairly steeply (Northwestern, Southern, and New England). Debt levels in the Northwestern region more than doubled. This doubling of debt provided funds which were the equivalent of 73% of their increased investment in operating property. In the Southern region also the increased investment was mainly debt financed. In the other regions, debt increases were minor proportions of increased investment.

Debt to equity changes by region were moderate except for the three regions with steep debt additions mentioned above. On relative degree of leverage, a ranking by debt to equity ratios, most heavily leveraged within Group A are the Southern Region carriers (0.60), followed by the Northwestern and Southwestern (both 0.-52). Least leveraged in Group A (and the industry) are the carriers from the Rocky Mountain region with a 0.16 debt to equity ratio.

Cash throw coverage of debt declined in 1984, indicating a debt pay-off 'ratio' trending toward two years. The Rocky Mountain region, with negative cash throw, is in the worst shape by this measure, but four other regions look weak based on current cash throw and debt levels--the Southern, Northwestern, Midwestern and Pacific. In reasonably sound shape are New England, Middle Atlantic and the Southwestern region firms.

Interest expenses rose for Group A carriers by 10.9% from 1983 to 1984, but this pace was the lowest rate of growth among the major groups in the analysis. Except for the substantial rise in the Northwestern region (interest up 133% as funded debt rose 127%), the other regions had increases in interest from 2.9% (Pacific) to 15.2% (Southern), not at all excessive.

Interest as a percent of funded debt was 11.96% in 1984 for Group A, the lowest among major groups of firms. Virtually all Group A regions fall around this average (range from 8.5% to 13.2%) except for the Rocky Mountain region, where interest is 22% of funded debt. While low by this measure, current interest expense consumes 1.2% of revenues for the group as a whole, and over 60% of operating income. This, as mentioned earlier, more reflects depressed earning and not particularly excessive debt or interest. If income does not improve, however, debt and interest levels could easily worsen.

Ranked by a composite of debt measures, regions in the best shape are the Middle Atlantic, New England and Pacific. In worst shape are carriers in the Southern, Pacific and Southwestern regions.

Carrier Group A

REGION NUMBER	1		2		3		4	
REGION	NEW ENGLAND		MIDDLE ATLANTIC		CENTRAL		SOUTHERN	
NUMBER OF CARRIERS	28		65		[illegible]		51	
YEAR	1984	1983	1984	1983	1984	1983	1984	1983

INCOME STATEMENT

	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%
INCOME & EXPENSE DATA																
GROSS REVENUES	75.39	100.0	69.96	100.0	158.89	100.0	148.02	100.0	165.74	100.0	160.60	100.0	132.85	100.0	126.66	100.0
DEPRECIATION	3.06	4.1	2.55	3.6	6.92	4.4	6.51	4.4	6.63	4.0	6.47	4.0	6.18	4.6	5.05	4.0
PURCHASED TRANSPORTATION	4.22	5.6	4.58	6.5	24.89	15.7	23.16	15.6	36.88	22.3	34.39	21.4	25.25	19.0	23.87	18.8
TOTAL OPERATING EXPENSES	73.72	97.8	68.65	98.1	155.95	98.2	145.95	98.6	162.98	98.3	158.59	98.7	128.48	96.7	121.25	95.7
NET CARRIER OPERATING INCOME	1.68	2.2	1.31	1.9	2.94	1.8	2.07	1.4	2.76	1.7	2.01	1.3	4.37	3.3	5.41	4.3
INTEREST EXPENSE	0.61	0.8	0.54	0.8	1.56	1.0	1.36	0.9	1.63	1.0	1.52	0.9	1.98	1.5	1.72	1.4
NET INCOME BEFORE TAXES	2.37	3.1	1.64	2.3	3.40	2.1	2.43	1.6	2.40	1.4	1.50	0.9	2.88	2.2	4.21	3.3
INCOME TAXES-CURRENT	0.39	0.5	0.29	0.4	0.67	0.4	0.84	0.6	0.88	0.5	0.19	0.1	1.01	0.8	1.10	0.9
DEFERRED INCOME TAXES	0.03	0.0	0.01	0.0	0.11	0.1	0.07	0.0	0.05	0.0	0.26	0.2	0.00	0.0	0.02	0.0
OTHER ADJUSTMENTS TO INCOME	0.00	0.0	0.00	0.0	0.32	0.2	0.04-	0.0	0.00	0.0	0.03-	0.0	0.00	0.0	0.00	0.0
INCOME BEFORE EXTRA ITEMS	1.95	2.6	1.33	1.9	2.94	1.8	1.48	1.0	1.47	0.9	1.02	0.6	1.87	1.4	3.09	2.4
EXTRAORDINARY ITEMS	0.03	0.0	0.07	0.1	0.07-	0.0	0.01-	0.0	0.52-	0.3-	0.41	0.3	0.02-	0.0	0.00	0.0
NET INCOME AFTER TAXES	1.98	2.6	1.40	2.0	2.87	1.8	1.46	1.0	0.96	0.6	1.43	0.9	1.86	1.4	3.09	2.4

BALANCE SHEET

ASSETS																
CASH	3.80	10.4	4.09	12.5	10.02	14.4	10.63	16.0	5.92	8.1	4.61	6.2	8.90	14.4	8.80	16.1
RECEIVABLES FROM AFFILIATES	1.23	3.4	1.27	3.9	4.13	6.0	3.86	5.8	0.98	1.3	0.72	1.0	3.52	5.7	2.22	4.1
NOTES & ACCOUNTS RECEIVABLE	8.71	23.8	7.92	24.2	15.66	22.6	14.54	21.9	22.78	31.3	22.78	30.6	14.39	23.2	13.14	24.1
PREPAID EXPENSES	1.45	4.0	1.23	3.8	2.07	3.0	1.88	2.8	1.85	2.5	1.78	2.4	1.56	2.5	1.25	2.3
MATERIALS & SUPPLIES	0.74	2.0	0.50	1.5	0.92	1.3	0.98	1.5	0.57	0.8	0.61	0.8	0.94	1.5	1.32	2.4
OTHER CURRENT ASSETS	0.00	0.0	0.02	0.1	0.30	0.4	0.07	0.1	4.63	6.4	3.53	4.7	0.48	0.8	0.37	0.7
TOTAL CURRENT ASSETS	15.93	43.5	15.03	46.0	33.09	47.7	31.95	48.1	36.71	50.5	34.04	45.7	29.79	48.1	27.11	49.6
CARRIER OPERATING PROPERTY	44.19	120.6	38.85	118.9	74.00	106.7	68.70	103.5	69.10	95.1	67.09	90.0	68.90	111.3	60.18	110.2
RESERVE FOR DEPRECIATION	26.25	71.7	24.21	74.1	47.20	68.0	43.69	65.8	44.40	61.1	43.20	58.0	42.06	67.9	38.31	70.2
CARRIER OPERATING PROPERTY NET	17.93	49.0	14.64	44.8	26.80	38.6	25.01	37.7	24.69	34.0	23.90	32.1	26.85	43.4	21.87	40.0
TOTAL TANGIBLE PROPERTY	19.35	52.8	16.17	49.5	28.14	40.6	26.51	39.9	26.98	37.1	26.23	35.2	27.08	43.7	21.97	40.2
INTANGIBLES	0.11	0.3	0.22	0.7	0.98	1.4	0.99	1.5	3.56	4.9	3.50	4.7	0.65	1.1	1.03	1.9
OTHER ASSETS	1.24	3.4	1.27	3.9	7.16	10.3	6.92	10.4	5.41	7.5	10.75	14.4	4.39	7.1	4.49	8.2
TOTAL ASSETS	36.63	100.0	32.69	100.0	69.37	100.0	66.37	100.0	72.67	100.0	74.52	100.0	61.91	100.0	54.60	100.0
LIABILITIES & EQUITY																
PAYABLES TO AFFILIATES	1.44	3.9	1.54	4.7	1.29	1.9	1.47	2.2	0.71	1.0	0.46	0.6	2.33	3.8	1.51	2.8
NOTES PAYABLE	1.55	4.2	0.53	1.6	1.22	1.8	1.12	1.7	4.32	5.9	3.77	5.1	1.25	2.0	0.51	0.9
ACCOUNTS PAYABLE	5.17	14.1	5.04	15.4	10.13	14.6	9.95	15.0	15.79	21.7	14.60	19.6	8.20	13.2	8.56	15.7
MISC PAYABLES & ACCRUALS	0.68	1.9	0.98	3.0	0.97	1.4	1.48	2.2	1.71	2.4	1.87	2.5	1.02	1.7	1.18	2.2
TAXES PAYABLE	0.47	1.3	0.39	1.2	1.36	2.0	0.79	1.2	1.45	2.0	1.71	2.3	1.13	1.8	1.06	1.9
FUNDED DEBT DUE WITHIN ONE YEAR	1.73	4.7	1.41	4.3	3.70	5.3	3.02	4.5	3.15	4.3	3.53	4.7	4.73	7.6	3.92	7.2
OTHER CURRENT LIABILITIES	3.03	8.3	2.26	6.9	4.00	5.8	4.03	6.1	3.74	5.1	4.14	5.6	1.27	2.0	1.26	2.3
TOTAL CURRENT LIABILITIES	14.07	38.4	12.15	37.2	22.66	32.7	21.86	32.9	30.87	42.5	30.08	40.4	19.93	32.2	18.01	33.0
ADVANCES PAYABLE	0.23	0.6	0.15	0.5	0.43	0.6	0.25	0.4	1.18	1.6	5.79	7.8	0.51	0.8	0.67	1.2
FUNDED DEBT DUE AFTER ONE YEAR	5.20	14.2	3.79	11.6	8.05	11.6	8.32	12.5	10.27	14.1	9.32	12.5	12.20	19.7	7.78	14.3
TOTAL LONG TERM DEBT	5.43	14.8	3.94	12.1	8.48	12.2	8.57	12.9	11.45	15.8	15.11	20.3	12.71	20.5	8.45	15.5
TOTAL FUNDED DEBT	6.93	18.9	5.20	15.9	11.76	16.9	11.34	17.1	13.43	18.5	12.85	17.2	16.93	27.3	11.70	21.4
RESERVES & EST LIABILITIES	0.03	0.1	0.01	0.0	0.19	0.3	0.31	0.5	0.93	1.3	0.52	0.7	0.12	0.2	0.11	0.2
ACCUM DEFERRED TAX CREDITS	0.13	0.4	0.10	0.3	1.14	1.6	1.09	1.6	1.31	1.8	0.65	0.9	0.77	1.2	0.72	1.3
TOTAL LIABILITIES	19.66	53.7	16.21	49.6	32.47	46.8	31.84	48.0	44.56	61.3	46.36	62.2	33.53	54.2	27.28	50.0
STOCKHOLDER'S EQUITY	16.97	46.3	16.49	50.4	36.90	53.2	34.53	52.0	28.11	38.7	28.16	37.8	28.38	45.8	27.32	50.0
TOTAL CAPITAL	22.40	61.2	20.43	62.5	45.38	65.4	43.10	65.0	39.56	54.4	43.27	58.1	41.09	66.4	35.77	65.5
TOTAL LIABILITIES & EQUITY	36.63	100.0	32.69	100.0	69.37	100.0	66.37	100.0	72.67	100.0	74.52	100.0	61.91	100.0	54.60	100.0

ANALYTICAL DATA

	1984 RATIOS	1983 RATIOS	1984 RATIOS	1983 RATIOS	1984 RATIOS	1983 RATIOS	1984 RATIOS	1983 RATIOS
OPERATING PERFORMANCE								
GROSS REVENUES TO EQUITY	4.44	4.24	4.31	4.29	5.90	5.70	4.68	4.64
GROSS REVENUES TO TOTAL CAPITAL	3.37	3.42	3.50	3.43	4.19	3.71	3.23	3.54
GROSS REVENUES TO NET CARR OPER PROP	4.20	4.78	5.93	5.92	6.71	6.72	4.95	5.79
GROSS REVENUES TO CARR OPER PROP (COST)	1.71	1.80	2.15	2.15	2.40	2.39	1.93	2.10
PRE TAX INCOME TO GROSS REVENUES %	3.14	2.34	2.14	1.64	1.45	0.94	2.17	3.33
PRE TAX INCOME TO TOTAL CAPITAL, %	10.56	8.01	7.50	5.63	6.07	3.47	7.02	11.78
AFTER TAX INCOME TO GROSS REVENUES %	2.59	1.90	1.85	1.00	0.89	0.64	1.41	2.44
AFTER TAX INCOME TO EQUITY, %	11.49	8.07	7.95	4.28	5.24	3.63	6.60	11.31
RETURN ON TRANSPORTATION INVESTMENT, %	8.47	7.47	7.89	5.89	9.03	7.22	11.89	17.48
EXPENSE RATIO %	98.59	98.91	99.13	99.52	99.32	99.89	98.21	97.09
OPERATING RATIO %	97.78	98.13	98.15	98.60	98.34	98.75	96.71	95.73
AVERAGE REVENUE PER CARRIER	2.69	2.50	2.44	2.28	2.40	2.33	2.60	2.48
NET INCOME PER CARRIER	0.07	0.05	0.05	0.02	0.02	0.01	0.04	0.06
LIQUIDITY								
CASH THROW OFF, DOLLARS	5.04	3.90	9.65	8.10	8.15	7.78	8.05	8.16
WORKING CAPITAL, DOLLARS	1.86	2.88	10.43	10.08	5.84	3.96	8.86	9.10
CURRENT RATIO	1.13	1.24	1.46	1.46	1.19	1.13	1.49	1.51
DAYS CASH OPER EXP IN WORK CAP	9.57	15.87	25.43	26.31	13.58	9.46	29.21	28.39
AVERAGE DAYS COLLECTION PERIOD	42.16	41.31	35.97	35.85	50.16	51.78	39.53	37.87
LEVERAGE & DEBT SERVICE								
FUNDED DEBT TO EQUITY	0.41	0.32	0.32	0.33	0.48	0.46	0.60	0.43
NET DEBT TO EQUITY	0.20	0.06	0.06	0.05	0.16	0.19	0.08	0.05
FUNDED DEBT TO TANGIBLE NET WORTH	0.41	0.32	0.33	0.34	0.55	0.52	0.61	0.45
CASH THROW TO FUNDED DEBT DUE IN ONE YR %	292.01	276.27	260.63	268.58	258.72	220.09	170.11	208.27
CASH THROW TO TOTAL FUNDED DEBT %	72.78	74.91	82.09	71.45	60.71	60.51	47.56	69.71
INTEREST TO TOTAL FUNDED DEBT %	8.81	10.45	13.24	12.00	12.17	11.82	11.72	14.73
CARRIER PROPERTY (NET) TO EQUITY	1.06	0.89	0.73	0.72	0.88	0.85	0.95	0.80
ADDITIONAL RATIOS								
RECEIVABLES TO PAYABLES	1.29	1.42	1.38	1.31	1.13	1.24	1.52	1.45
DEPREC TO DEBT DUE IN ONE YEAR	1.77	1.81	1.87	2.16	2.10	1.83	1.30	1.29
TOTAL TANG PROP TO EQUITY	1.14	0.98	0.76	0.77	0.96	0.93	0.95	0.80
INCOME BEFORE EXTRA ITEMS ETC TO EQUITY %	11.49	8.07	7.95	4.25	5.24	3.63	6.60	11.31
GROSS REVENUES TO TOTAL TANG PROP	3.90	4.33	5.65	5.58	6.14	6.12	4.91	5.77
PRODUCTIVITY MEASURES (INT-CTY CARR ONLY)								
TOTAL PAYROLL TO REVENUES %	40.65	41.43	29.62	29.63	28.69	30.29	28.12	28.29
TOTAL PAYROLL (WPT) TO REVENUES %	47.29	49.16	48.00	48.90	51.48	52.69	43.91	43.59
CARGO HANDLER COMPEN TO REVENUES %	5.24	5.32	2.90	3.27	2.48	2.99	2.62	2.74
LINEHAUL EXPENSES TO REVENUES %	9.58	11.03	36.94	36.16	49.94	53.20	46.13	45.39
REVENUE PER TON-MILE, CENTS	45.57	38.26	17.98	20.40	13.10	14.47	17.22	16.12
AVERAGE LOAD, TONS	4.94	5.96	10.22	9.19	12.34	11.49	9.33	9.16
TOTAL TONS, THOUS	914.72	891.92	2,694.81	2,509.57	3,692.52	3,463.50	3,094.06	2,912.49
TOTAL MILES, THOUS	23,505.70	22,474.24	58,243.29	52,156.99	85,769.66	65,677.07	63,124.82	85,590.95

5 NORTHWESTERN 10				6 MIDDLEWESTERN 23				7 SOUTHWESTERN 12				8 ROCKY MOUNTAIN 14				9 PACIFIC 60				TOTAL ALL REGIONS 332			
1984		1983		1984		1983		1984		1983		1984		1983		1984		1983		1984		1983	
$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%
23.24	100.0	21.46	100.0	67.25	100.0	63.19	100.0	39.74	100.0	36.90	100.0	32.60	100.0	31.10	100.0	147.68	100.0	147.11	100.0	843.38	100.0	805.01	100.0
0.73	3.2	0.72	3.3	3.53	5.3	3.47	5.5	3.40	8.6	2.85	7.7	1.22	3.8	1.09	3.5	5.08	3.4	5.37	3.6	36.75	4.4	34.07	4.2
4.59	19.8	4.77	22.2	15.58	23.2	12.80	20.3	1.24	3.1	1.49	4.0	6.96	21.4	6.93	22.3	34.95	23.7	35.27	24.0	154.56	18.3	147.25	18.3
22.84	98.3	20.68	96.3	67.55	100.4	64.50	102.1	38.68	97.3	35.51	96.2	31.82	97.6	30.45	97.9	145.25	98.4	144.27	98.1	827.28	98.1	789.85	98.1
0.40	1.7	0.79	3.7	0.30-	0.4-	1.31-	2.1-	1.06	2.7	1.39	3.8	0.78	2.4	0.65	2.1	2.43	1.6	2.84	1.9	16.10	1.9	15.15	1.9
0.18	0.8	0.08	0.4	0.79	1.2	0.71	1.1	0.59	1.5	0.55	1.5	0.33	1.0	0.29	0.9	2.13	1.4	2.07	1.4	9.81	1.2	8.85	1.1
0.46	2.0	0.87	4.0	0.43-	0.6-	0.80-	1.3-	0.86	2.2	1.01	2.7	1.72-	5.3-	1.32	4.2	5.39	3.6	3.82	2.6	15.61	1.9	15.98	2.0
0.30	1.3	0.31	1.4	0.31	0.5	0.46	0.7	0.06-	0.2-	0.23	0.6	0.01-	0.0	0.21	0.7	1.37	0.9	0.77	0.5	4.85	0.6	4.41	0.5
0.00	0.0	0.02-	0.1-	0.01-	0.0	0.30-	0.5-	0.02-	0.1-	0.06-	0.2-	1.34-	4.1-	0.04-	0.1-	0.05-	0.0	0.07-	0.0	1.23-	0.1-	0.13-	0.0
0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.02-	0.0	0.01	0.0	0.29	0.0	0.07-	0.0
0.17	0.7	0.58	2.7	0.73-	1.1-	0.96-	1.5-	0.94	2.4	0.84	2.3	0.37-	1.1-	1.15	3.7	4.05	2.7	3.12	2.1	12.28	1.5	11.64	1.4
0.11-	0.5-	0.10-	0.5-	0.06-	0.1	0.01	0.0	0.02-	0.1-	0.01	0.0	0.02-	0.1-	0.02-	0.1-	0.21-	0.1-	0.03	0.0	0.99-	0.1-	0.39	0.0
0.05	0.2	0.48	2.2	0.79-	1.2-	0.95-	1.5-	0.92	2.3	0.85	2.3	0.39-	1.2-	1.13	3.6	3.84	2.6	3.15	2.1	11.29	1.3	12.03	1.5
2.52	28.0	1.76	24.6	4.78	14.5	4.18	14.2	2.43	11.1	2.12	11.1	3.42	8.9	3.36	9.0	10.63	13.4	10.23	13.2	52.43	12.4	49.79	12.5
0.00	0.0	0.00	0.0	1.61	4.9	0.53	1.8	0.00	0.0	0.00	0.0	2.05	5.3	1.69	4.5	1.85	2.3	0.85	1.1	15.36	3.6	11.15	2.8
1.92	21.4	2.12	29.5	6.28	19.0	5.72	19.4	4.39	20.1	3.27	17.2	2.70	7.0	2.52	6.8	22.91	28.9	22.91	29.6	99.73	23.6	94.92	23.8
0.18	2.0	0.31	4.3	0.64	1.9	0.50	1.7	0.67	3.1	0.49	2.6	0.16	0.4	0.23	0.6	3.71	4.7	2.94	3.8	12.28	2.9	10.62	2.7
0.10	1.1	0.10	1.3	0.35	1.1	0.33	1.1	0.23	1.0	0.14	0.8	0.19	0.5	0.22	0.6	0.94	1.2	1.05	1.4	4.98	1.2	5.24	1.3
0.02	0.2	0.04	0.6	0.12	0.4	0.02	0.1	0.00	0.0	0.00	0.0	0.02	0.0	0.03	0.1	0.20	0.3	0.23	0.3	5.77	1.4	4.31	1.1
4.74	52.7	4.33	60.4	13.78	41.7	11.29	38.2	7.72	35.4	6.02	31.6	8.54	22.2	8.04	21.5	40.24	50.8	38.22	49.4	190.55	45.1	176.03	44.2
8.64	96.2	7.01	97.6	39.73	120.3	36.45	123.4	28.20	129.2	25.24	132.6	11.85	30.9	10.87	29.1	65.01	82.1	60.42	78.1	409.62	97.1	374.81	94.0
4.70	52.2	4.41	61.4	21.92	66.4	20.10	68.0	14.79	67.8	12.85	67.5	7.65	19.9	7.03	18.8	44.49	56.2	39.68	51.3	253.46	60.1	233.47	58.6
3.95	43.9	2.60	36.2	17.81	53.9	16.35	55.4	13.41	61.4	12.39	65.1	4.21	11.0	3.84	10.3	20.52	25.9	20.74	26.8	156.17	37.0	141.34	35.5
3.95	43.9	2.60	36.2	18.04	54.6	16.63	56.3	13.57	62.2	12.52	65.8	4.72	12.3	4.35	11.6	31.61	39.9	32.95	42.6	173.44	41.1	159.92	40.1
0.02	0.2	0.01	0.1	0.26	0.8	0.26	0.9	0.21	1.0	0.24	1.3	0.24	0.6	0.25	0.7	0.44	0.6	0.51	0.7	6.47	1.5	7.02	1.8
0.28	3.2	0.24	3.3	0.95	2.9	1.36	4.6	0.33	1.5	0.25	1.3	24.90	64.8	24.68	66.1	6.93	8.7	5.66	7.3	51.59	12.2	55.62	14.0
8.99	100.0	7.18	100.0	33.03	100.0	29.54	100.0	21.83	100.0	19.04	100.0	38.41	100.0	37.32	100.0	79.22	100.0	77.35	100.0	422.05	100.0	398.60	100.0
0.05	0.6	0.04	0.6	4.17	12.6	4.10	13.9	0.00	0.0	0.00	0.0	1.04	2.7	0.61	1.6	1.54	1.9	1.34	1.7	12.57	3.0	11.08	2.8
0.54	6.0	0.17	2.3	0.74	2.2	0.50	1.7	0.59	2.7	0.32	1.7	0.61	1.6	0.61	1.6	2.19	2.8	1.55	2.0	13.01	3.1	9.07	2.3
1.12	12.4	0.95	13.3	5.19	15.7	5.45	18.5	1.79	8.2	1.54	8.1	1.61	4.2	1.55	4.2	11.67	14.7	12.55	16.2	60.67	14.4	60.20	15.1
0.14	1.6	0.38	5.3	0.53	1.6	0.52	1.7	0.27	1.2	0.41	2.1	0.49	1.3	0.48	1.3	1.75	2.2	1.86	2.4	7.57	1.8	9.15	2.3
0.12	1.3	0.02	0.2	0.32	1.0	0.19	0.7	0.25	1.1	0.28	1.5	0.13	0.3	0.19	0.5	1.38	1.7	1.18	1.5	6.60	1.6	5.81	1.5
0.25	2.8	0.10	1.3	2.00	6.1	1.03	3.5	1.72	7.9	0.99	5.2	0.30	0.8	0.41	1.1	3.57	4.5	2.77	3.6	21.16	5.0	17.17	4.3
0.56	6.3	0.42	5.8	1.06	3.2	1.65	5.6	0.98	4.5	0.18	0.9	0.54	1.4	0.59	1.6	2.52	3.2	3.06	4.0	17.71	4.2	17.59	4.4
2.79	31.0	2.07	28.8	14.01	42.4	13.44	45.5	5.61	25.7	3.72	19.6	4.72	12.3	4.44	11.9	24.62	31.1	24.31	31.4	139.28	33.0	130.09	32.6
0.08	0.9	0.00	0.0	0.09	0.3	0.16	0.5	0.00	0.0	0.00	0.0	21.25	55.3	21.26	57.0	1.53	1.9	1.48	1.9	25.30	6.0	29.74	7.5
1.88	21.0	0.84	11.8	4.39	13.3	3.99	13.5	4.25	19.5	3.97	20.9	1.18	3.1	0.78	2.1	13.46	17.0	12.90	16.7	60.89	14.4	51.71	13.0
1.97	21.9	0.84	11.8	4.47	13.5	4.15	14.0	4.25	19.5	3.97	20.9	22.43	58.4	22.04	59.1	14.99	18.9	14.37	18.6	86.19	20.4	81.45	20.4
2.13	23.8	0.94	13.1	6.39	19.3	5.03	17.0	5.97	27.4	4.96	26.1	1.48	3.9	1.19	3.2	17.02	21.5	15.67	20.3	82.05	19.4	68.88	17.3
0.03	0.3	0.02	0.3	0.08	0.2	0.08	0.3	0.10	0.5	0.10	0.5	2.90	7.6	0.01	0.0	1.22	1.5	0.59	0.8	5.60	1.3	1.74	0.4
0.10	1.1	0.10	1.5	0.26	0.8	0.25	0.8	0.38	1.7	0.35	1.8	1.05-	2.7-	0.41	1.1	1.09	1.4	1.59	2.1	4.11	1.0	5.27	1.3
4.89	54.4	3.04	42.3	18.81	57.0	17.92	60.7	10.33	47.3	8.14	42.8	29.00	75.5	26.90	72.1	41.92	52.9	40.86	52.8	235.17	55.7	218.55	54.8
4.10	45.6	4.14	57.7	14.22	43.0	11.62	39.3	11.49	52.7	10.89	57.2	9.40	24.5	10.42	27.9	37.30	47.1	36.48	47.2	186.88	44.3	180.05	45.2
6.07	67.5	4.98	69.4	18.69	56.6	15.77	53.4	15.75	72.1	14.86	78.1	31.64	82.9	32.46	87.0	52.29	66.0	50.86	65.8	273.07	64.7	261.50	65.6
8.99	100.0	7.18	100.0	33.03	100.0	29.54	100.0	21.83	100.0	19.04	100.0	38.41	100.0	37.32	100.0	79.22	100.0	77.35	100.0	422.05	100.0	398.60	100.0
1984 RATIOS		1983 RATIOS		1984 RATIOS		1983 RATIOS		1984 RATIOS		1983 RATIOS		1984 RATIOS		1983 RATIOS		1984 RATIOS		1983 RATIOS		1984 RATIOS		1983 RATIOS	
5.67		5.19		4.73		5.44		3.46		3.39		3.47		2.99		3.96		4.03		4.51		4.47	
3.83		4.31		3.60		4.01		2.52		2.48		1.02		0.96		2.82		2.89		3.09		3.08	
5.89		8.26		3.78		3.86		2.96		2.98		7.75		8.10		7.20		7.09		5.40		5.70	
2.69		3.06		1.69		1.73		1.41		1.46		2.75		2.86		2.27		2.43		2.06		2.15	
1.99		4.03		0.64-		1.27-		2.15		2.73		5.27-		4.25		3.65		2.59		1.85		1.99	
7.63		17.37		2.31-		5.10-		5.43		6.79		5.40-		4.07		10.30		7.50		5.72		6.11	
0.72		2.70		1.09-		1.52-		2.37		2.27		1.14-		3.68		2.74		2.12		1.46		1.45	
4.07		14.02		5.16-		8.27-		8.19		7.70		3.95-		11.00		10.85		8.54		6.57		6.47	
6.81		16.21		1.70-		9.22-		6.81		9.47		9.69		8.73		6.72		8.19		7.76		8.09	
99.05		96.69		101.62		103.20		98.84		97.71		98.61		98.86		99.80		99.48		99.25		99.22	
98.27		96.33		100.44		102.07		97.34		96.23		97.61		97.91		98.36		98.07		98.09		98.12	
2.32		2.15		2.92		2.75		3.31		3.07		2.33		2.22		2.46		2.45		2.54		2.42	
0.02		0.06		0.03-		0.04-		0.08		0.07		0.03-		0.08		0.07		0.05		0.04		0.04	
0.90		1.28		2.79		2.21		4.31		3.63		0.48-		2.19		9.10		8.41		47.51		45.65	
1.95		2.26		0.22-		2.15-		2.11		2.30		3.82		3.60		15.62		13.91		51.27		45.94	
1.70		2.09		0.98		0.84		1.36		1.62		1.81		1.81		1.63		1.57		1.37		1.35	
32.02		41.21		1.27-		12.77-		21.80		25.70		45.34		44.10		40.52		36.40		23.56		22.09	
30.23		36.02		34.08		33.06		40.32		32.30		30.19		29.61		56.62		56.84		43.16		43.04	
0.52		0.23		0.45		0.43		0.52		0.46		0.16		0.11		0.46		0.43		0.44		0.38	
0.02-		0.34		0.32		0.53		0.19		0.15		0.28		0.27-		0.06-		0.03		0.05		0.03	
0.52		0.23		0.46		0.44		0.53		0.47		0.16		0.12		0.46		0.44		0.45		0.40	
356.10		1,337.41		139.24		213.77		250.77		387.16		161.23-		539.13		254.93		303.23		224.56		265.80	
42.01		135.72		43.59		43.91		72.25		73.16		32.69-		184.51		53.43		53.67		57.90		66.27	
8.50		8.29		12.41		14.21		9.96		11.02		22.02		24.79		12.52		13.22		11.96		12.85	
0.96		0.83		1.25		1.41		1.17		1.14		0.45		0.37		0.55		0.57		0.84		0.79	
1.16		1.89		1.06		0.96		1.84		1.75		1.21		1.17		1.65		1.62		1.35		1.37	
2.91		7.52		1.77		3.36		1.97		2.88		4.07		2.67		1.42		1.94		1.74		1.98	
0.96		0.83		1.27		1.43		1.18		1.15		0.50		0.42		0.85		0.90		0.93		0.89	
4.07		14.02		5.16-		8.27-		8.19		7.70		3.95-		11.00		10.85		8.54		6.57		6.46	
5.89		8.26		3.73		3.80		2.93		2.95		6.90		7.16		4.67		4.46		4.86		5.03	
32.89		33.40		29.97		32.08		28.19		27.56		22.33		22.64		27.14		26.51		21.67		30.20	
46.78		45.39		49.83		48.51		31.33		32.56		45.51		47.52		49.35		49.85		47.62		48.31	
2.71		4.23		3.44		3.97		0.53		0.69		2.14		2.11		1.59		1.49		2.75		3.02	
53.88		51.71		48.09		46.07		58.71		55.94		60.13		59.55		56.72		57.37		44.19		44.68	
9.51		18.77		19.63		15.42		44.46		25.34		12.13		11.54		16.37		15.03		17.12		17.08	
14.35		7.48		9.50		13.61		3.86		6.40		11.66		12.42		12.22		13.02		10.25		10.26	
393.34		301.30		837.96		757.37		285.46		300.63		382.27		389.54		2,865.81		2,839.87		15,160.95		14,366.18	
8,573.49		1,180.69		24,245.19		20,736.11		8,795.26		8,550.72		14,918.18		14,511.00		33,807.81		35,846.80		300,983.59		293,724.56	

CARRIER GROUP B

General Freight Carriers With Revenues Between $5 Million And $25 Million Annually

Operating Performance

Carrier Group B, the medium size general freight carriers, experienced reasonably strong increases in business levels in 1984 with tonnage up 11.3% and vehicle mileage up 10.6% for the group as a whole. Seven of the nine regions had tonnage gains ranging from 9.9% (both the Central and Southwestern) up to 23.3% in the Middle Atlantic region. Two regions registered declines -- New England at 6.7% and Pacific at 2.6%. Mileage increased in 8 regions, the exception being New England.

While physical measures of business improved at a double digit pace, gross freight revenues increased slightly slower, by 9.9% for the group, indicating the prevalence of discounting on a per-ton basis. Six of the nine regions showed revenue growth at a lower rate of increase than tonnage gains. Exceptions were New England where revenues declined 0.6% while tonnage declined 6.7%; the Pacific region which had a 6.2% revenue gain despite tonnage declining; and in the Southwestern region -- a 10.8% revenue gain on a 9.9% increase in tons. The highest revenue gain was 14.7% in the Rocky Mountain region, followed by a 13.8% rise in the Northwestern, 12.4% in the Central, and 10.8% in the Southwestern.

As with other general freight groups in particular, the business and revenue increases were weighed down by escalating expenses. For Group B overall, expenses rose 10.2% compared to the 9.9% revenue rise. The result was declining operating profits -- off by 0.1% -- and an escalating operating ratio. The operating ratio rose from an unfavorable 96.97 in 1983 to an even worse level of 97.24 in 1984. This is a better ratio than for small general freight carriers in Group A, but appreciably worse than the 96.92 registered by large Group C firms. All groups show subpar earnings in 1984.

Within Group B's regions, four actually ended with better operating ratios in 1984 than in 1983 -- the Middle Atlantic, Midwestern, Southwestern, and Rocky Mountain. In these regions, the increase in expenses were held under the growth in revenues. The reciprocal situation applied in the other five regions. In four of these five regions, operating income declined outright. These are New England, Southern, Northwestern, and Pacific. In the Central region, operating profits increased 7.3%, but with greater revenue increases (12.4%), their operating ratio escalated nonetheless. Four of the nine regions had operating ratios between 98 and 99 and two between 97 and 98. Only one region, the Southwestern, managed an operating ratio under 95 (94.63).

Group B carriers experienced an even larger decline in net profits (down 13%) than in operating profits, resulting in a slip in net profit margin from a low 1.89% in 1983 to an even lower 1.43% in 1984. Profits declined in five regions, and significantly in three -- by 72% in the Central, 61% in the Northwestern and 56% in the Southern region. In the Southwestern region, a small level of profits was generated in 1984 compared to a net loss in 1983. However, their 1984 profit margin is an extremely low 0.8%. Profits increased 21% in the Midwestern region and 27% in the Rocky Mountain.

The Midwestern region ended 1984 with one of the industry's highest profit margin at 3.3%. Next best in Group B was the 2.3% margin in the Pacific region, although this was a marked decline from 2.95% in 1983. Four of the remaining regions had profit margins in the 1 to 2 percent range and three regions did not even reach 1 percent.

The profit problems are confirmed by changes in return on equity. Return on equity dropped from 11.1% in 1983 to 8.7% in 1984 -- a 22% decline -- for Group B overall. Five regions registered declines, the most severe being in the Central (from 14.2% to 6.3%), the Northwestern (from 8.2% to 3.2%), and the Southern (from 9.1% to 5.3%). Southwestern region carriers, as mentioned earlier, turned the corner from a 1983 loss to 1984 profitability, but their 1984 return of equity is still low at 4%. On the other hand, the Midwestern region carriers improved upon their very sound return on equity, which rose from 25.5% in 1983 to 26.2% in 1984 -- the best in the industry.

Liquidity

The liquidity of the medium size general freight carriers showed some overall improvement in 1984 despite the earnings problems. Cash throw grew modestly (by 2.1%) and working capital grew almost 14%. The group's current ratio improved as did working capital coverage of daily cash operating expenses.

Group B's overall increase in cash throw stemmed from a mixture of changes within the regions, with 5 actually showing declines (ranging from 1.8% in the Pacific to 13% in the Central region) and four showing gains. The improvements in cash throw were led by a 31% gain in the Rocky Mountain region and a 27% gain in the Southwestern. Middle Atlantic carriers also increased cash throw by 19%. However, cash throw generation for many groups is heavely weighted toward the contribution from depreciation and not earnings. Depreciation provided over 70% of cash throw in five regions -- Northwestern, Southern, Central, Rocky Mountain, and Southwestern. Only in the Pacific region were depreciation charges less than half the cash throw generated in 1984.

Working capital showed stronger growth than cash throw generation, rising almost 14% in 1984. Seven of the 9 regions showed improvement, led by Rocky Mountain carriers posting a 150% increase, and Southwestern firms, a 71% gain. Only carriers in the Southern and Northwestern regions had declines. The growing working capital provided enhanced coverage of cash operating expenses, which rose from 18 days to 19 days in 1984. Coverage is best in New England at 42 days, followed by the Southwestern (34 days) and Pacific regions (32 days). Only one region has coverage less than 10 days, the Northwestern.

The Northwestern region also had the weakest current ratio among Group B regions -- 1.08 in 1984. For other regions, the current ratio is at least 1.24 (Central) to as

high as 2.07 in New England -- the best current ratio in the industry in 1984. Also with very strong current ratios are the Pacific region (1.71), Rocky Mountain (1.61) and Southwestern (1.56). Overall Group B's current ratio in 1984 was 1.38 compared to 1.35 in 1983. This group average was better than for the other major groups of general freight or specialized carriers.

Investments/ Returns

Investments in carrier operating property (at cost) accelerated in 1984 by 10.9% for Group B carriers, at twice the pace as in 1983. All regions showed gains, spearheaded by a 28% increase in the Southwestern. Otherwise, gains ranged from 6.2% in the Midwestern to 12.9% in the Middle Atlantic region.

As a product of the investments, fleet age decreased a slight amount as indicated by percent depreciated -- falling from over 56% depreciated in 1983 to under 55% in 1984. A number of the regions have fleets less than half depreciated -- the Southwestern and Rocky Mountain regions. Two, however, have more aged fleets. These are the Pacific region (63% depreciated) and New England (70.5% depreciated).

There were modest overall drops in the yields from investments in property. In terms of revenues generated, the dollars of revenue per dollar of net operating property declined from $6.54 in 1983 to $6.29 in 1984. New England and the Pacific region, with the oldest fleets, achieved the highest per dollar revenue yields of $12 and $10 respectively. The Rocky Mountain region, with the least aged fleet, had among the lowest yields within Group B, at $5.17.

The profit yield is shown by return on transportation investment, which declined for Group B overall from 15.1% in 1983 to 13.2% in 1984. Seven of the nine regions showed declines, while the Middle Atlantic and Northwestern regions exhibited improvement. In the case of Middle Atlantic carriers, earnings improvements prompted the gain; in the Midwestern region case, earnings improved and investment increases were kept low. Ranked by return on investment, the Southwestern region carriers rated best among Group B at 21.6%, followed by Midwestern carriers (18.6%) and Pacific region firms (16.7%). Lagging were the Rocky Mountain region (5.1%), Southern (6.5%) and New England (7.5%).

The yields on investment are conditioned by the extensive use of purchased transportation by these firms -- at a rate twice as great as general freight carriers overall. Group B firms spent over 29% of revenue on purchased transportation -- up from 28.8% in 1983. All regions expend at least 23% of revenues on this ownership alternative, to as high as 41% in the Rocky Mountain region.

Leverage/ Debt Service

Funded debt and interest expenses showed large increases for the medium size general freight carriers in 1984. Funded debt increased by 26% and interest payments by 21.5%, more than twice the clip of investment increases. All regions showed debt increases from 1983 to 1984. With especially high increases are the Southwestern and Middle Atlantic carriers, where debt increased 52% and 40%, respectively.

The increase in funded debt accounted for over half the increase in investment in operating property for the group overall, and for over 60% of the added investment in three regions -- Northwestern, Rocky Mountain, and the Southwestern. In New England, their added debt was the equivalent of 38% of added investments, and in the Central region, 44%. In all other regions it fell between 50 and 60 percent.

The sizeable debt, increase in the face of a gain of only 6.8% in stockholders equity resulted in unfavorable growth in debt to equity ratios, from 0.46 to 0.54 in 1984. Eight of the nine regions saw increasing debt to equity levels, mostly from under 0.50 in 1983 to over 0.50 in 1984. The one region reducing its debt to equity ratio was the Midwestern region. There the ratio fell from 0.94 in 1983 to 0.88 in 1984, but this region remained the highest leveraged in Group B and among the highest in the industry.

Cash throw coverage of debt declined from 69 in 1983 to 56 in 1984 with a ratio equal to 100 indicating the ability to pay off present debt with current cash throw in one year. A 50 ratio, indicating a two-year payoff, applies to most regions in Group B, the exceptions being New England, with less than a year pay-off, and the Northwestern where a debt pay-off would take close to three years. There was widespread deterioration in this ratio for Group B regions in 1984.

Interest expense rose by 21.5% from 1983 to 1984, with double digit increases in 8 of the 9 regions. Only in New England did interest expense fall. Most regions had increases in interest expense in the 10 and 20 percent range, except in the Southwestern region -- a major 68 percent hike.

As a percent of funded debt, interest expenses were mainly in the 11 to 13 percent range, and a decline from 1983. This is not unexpected with levels of funded debt increasing faster than interest expenses -- hence the decline in ratio terms. New England and the Southern regions were low with respective interest at 6.6% and 9.4% of funded debt; the Middle Atlantic region was high at 15.3%.

The interest burden did not decline for Group B carriers in 1984, however. As a percent of revenues and net carrier operating income, the burden escalated. Interest took 1% of revenues in 1983, 1.1% in 1984; it took 32 percent of operating income in 1983, climbing to 39 percent in 1984. New England, on the one hand, had one of the industry's lowest interest burdens (interest equals 0.-23% of revenues and 16% of operating income). Other regions, such as the Rocky Mountain, has a much higher burden (1 percent of revenues but 86% of operating income). On the low side, in addition to New England, are the Pacific, Southwestern and Midwestern regions. With higher burdens are also the Northwestern and Southern regions.

In summary for Group B carriers in 1984, liquidity showed some improvements, but profitability and leverage worsened. Based on composite measures of these factors, two regions stand out as leaders among the nine -- the Pacific region and New England. Three, however, are not showing favorable signs and are lagging the rest -- the Northwestern, Southern, and Central.

Carrier Group B

REGION NUMBER	1		2		3		4	
REGION	NEW ENGLAND		MIDDLE ATLANTIC		CENTRAL		SOUTHERN	
NUMBER OF CARRIERS	9		32		50		50	
YEAR	1984	1983	1984	1983	1984	1983	1984	1983

INCOME STATEMENT

	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%
INCOME & EXPENSE DATA																
GROSS REVENUES	92.00	100.0	92.60	100.0	340.84	100.0	311.53	100.0	576.58	100.0	513.08	100.0	527.64	100.0	482.12	100.0
DEPRECIATION	2.09	2.3	2.21	2.4	12.15	3.6	10.71	3.4	18.83	3.3	16.47	3.2	23.78	4.5	20.59	4.3
PURCHASED TRANSPORTATION	21.28	23.1	23.21	25.1	80.52	23.6	70.27	22.6	166.70	28.9	146.32	28.5	151.87	28.8	139.32	28.9
TOTAL OPERATING EXPENSES	90.66	98.5	90.82	98.1	331.58	97.3	304.32	97.7	559.82	97.1	497.45	97.0	519.44	98.4	468.26	97.1
NET CARRIER OPERATING INCOME	1.34	1.5	1.78	1.9	9.26	2.7	7.20	2.3	16.76	2.9	15.62	3.0	8.19	1.6	13.85	2.9
INTEREST EXPENSE	0.21	0.2	0.32	0.3	4.13	1.2	3.24	1.0	6.02	1.0	4.73	0.9	5.48	1.0	4.87	1.0
NET INCOME BEFORE TAXES	1.94	2.1	2.27	2.4	8.68	2.5	6.82	2.2	9.71	1.7	15.29	3.0	8.28	1.6	14.47	3.0
INCOME TAXES-CURRENT	0.38	0.4	0.48	0.5	3.07	0.9	2.55	0.8	4.17	0.7	3.76	0.7	1.73	0.3	3.44	0.7
DEFERRED INCOME TAXES	0.05	0.0	0.02	0.0	0.04	0.0	0.04	0.0	0.82	0.1	1.04	0.2	1.45	0.3	1.11	0.2
OTHER ADJUSTMENTS TO INCOME	0.00	0.0	0.00	0.0	0.00	0.0	0.39	0.1	0.15	0.0	0.06	0.0	0.44	0.1	0.00	0.0
INCOME BEFORE EXTRA ITEMS	1.60	1.7	1.81	2.0	5.57	1.6	4.63	1.5	4.87	0.8	10.54	2.1	5.53	1.0	9.92	2.1
EXTRAORDINARY ITEMS	0.09	0.1	0.08	0.1	0.48	0.1	0.01	0.0	0.10	0.0	7.04	1.4	1.11-	0.2-	0.04	0.0
NET INCOME AFTER TAXES	1.69	1.8	1.73	1.9	5.09	1.5	4.63	1.5	4.97	0.9	17.58	3.4	4.42	0.8	9.96	2.1

BALANCE SHEET

ASSETS																
CASH	6.11	20.7	7.51	25.2	13.98	11.0	14.86	13.0	23.04	11.6	24.46	13.0	29.24	13.2	29.47	14.3
RECEIVABLES FROM AFFILIATES	0.12	0.4	0.01	0.0	11.12	8.7	7.11	6.2	6.46	3.3	6.29	3.3	1.28	0.6	0.27	0.1
NOTES & ACCOUNTS RECEIVABLE	12.48	42.3	12.13	40.8	32.02	25.1	30.77	27.0	52.24	26.3	49.48	26.2	42.06	19.0	39.25	19.1
PREPAID EXPENSES	0.67	2.3	0.47	1.6	3.30	2.6	3.29	2.9	6.41	3.2	5.09	2.7	6.94	3.1	6.64	3.2
MATERIALS & SUPPLIES	0.34	1.1	0.31	1.0	2.66	2.1	2.54	2.2	3.48	1.8	3.17	1.7	3.11	1.4	3.07	1.5
OTHER CURRENT ASSETS	0.08	0.3	0.13	0.4	0.20	0.2	0.18	0.2	0.49	0.2	0.46	0.2	0.34	0.2	0.22	0.1
TOTAL CURRENT ASSETS	19.81	67.1	20.54	69.1	63.28	49.7	58.75	51.5	92.12	46.4	88.94	47.1	82.98	37.4	78.92	38.3
CARRIER OPERATING PROPERTY	25.52	86.4	23.55	79.2	126.61	99.4	112.17	98.3	193.91	97.7	181.53	96.2	228.15	102.9	204.41	99.3
RESERVE FOR DEPRECIATION	18.00	61.0	16.64	55.9	74.97	58.8	67.25	58.9	106.60	53.7	106.00	56.2	121.04	54.6	107.28	52.1
CARRIER OPERATING PROPERTY NET	7.52	25.5	6.91	23.2	51.64	40.5	44.93	39.4	87.30	44.0	75.53	40.0	107.10	48.3	97.13	47.2
TOTAL TANGIBLE PROPERTY	8.18	27.7	7.70	25.9	58.04	45.5	48.69	42.7	94.02	47.4	80.80	42.8	108.92	49.1	98.91	48.0
INTANGIBLES	0.02	0.1	0.05	0.2	1.01	0.8	1.14	1.0	4.95	2.5	3.27	1.7	1.05	0.5	1.14	0.6
OTHER ASSETS	1.52	5.1	1.45	4.9	5.11	4.0	5.58	4.9	7.34	3.7	15.62	8.3	28.87	13.0	26.88	13.1
TOTAL ASSETS	29.53	100.0	29.74	100.0	127.44	100.0	114.16	100.0	198.43	100.0	188.64	100.0	221.82	100.0	205.85	100.0
LIABILITIES & EQUITY																
PAYABLES TO AFFILIATES	0.06	0.2	0.01	0.0	8.08	6.3	6.96	6.1	7.37	3.7	8.84	4.7	9.82	4.4	3.59	1.7
NOTES PAYABLE	0.54	1.8	0.01	0.0	2.10	1.6	1.54	1.4	5.81	2.9	7.28	3.9	3.04	1.4	1.48	0.7
ACCOUNTS PAYABLE	4.24	14.3	4.93	16.6	16.59	13.0	17.29	15.1	24.28	12.2	27.24	14.4	21.21	9.6	20.56	10.0
MISC PAYABLES & ACCRUALS	1.27	4.3	1.87	6.3	3.36	2.6	3.99	3.5	5.17	2.6	6.05	3.2	6.00	2.7	5.32	2.6
TAXES PAYABLE	0.54	1.8	0.87	2.9	3.72	2.9	3.15	2.8	5.80	2.9	4.26	2.3	1.86-	0.8	0.61	0.3
FUNDED DEBT DUE WITHIN ONE YEAR	0.47	1.6	0.53	1.8	7.68	6.0	5.91	5.2	13.35	6.7	10.05	5.3	16.09	7.3	11.95	5.8
OTHER CURRENT LIABILITIES	2.55	8.6	2.70	9.1	8.92	7.0	9.64	8.4	12.66	6.4	11.48	6.1	9.50	4.3	8.59	4.2
TOTAL CURRENT LIABILITIES	9.55	32.3	10.90	36.7	50.45	39.6	48.49	42.5	74.44	37.5	75.21	39.9	63.77	28.7	50.89	24.7
ADVANCES PAYABLE	0.00	0.0	0.00	0.0	2.69	2.1	2.60	2.3	9.44	4.8	6.84	3.6	3.78	1.7	5.26	2.6
FUNDED DEBT DUE AFTER ONE YEAR	2.71	9.2	1.91	6.4	19.27	15.1	13.26	11.6	31.23	15.7	29.05	15.4	41.89	18.9	34.09	16.6
TOTAL LONG TERM DEBT	2.71	9.2	1.91	6.4	21.96	17.2	15.86	13.9	40.67	20.5	35.89	19.0	45.66	20.6	39.37	19.1
TOTAL FUNDED DEBT	3.18	10.8	2.43	8.2	26.94	21.1	19.17	16.8	44.58	22.5	39.10	20.7	57.97	26.1	46.04	22.4
RESERVES & EST LIABILITIES	0.93	3.2	0.24	0.8	1.35	1.1	1.14	1.0	0.71	0.4	0.69	0.4	1.36	0.6	1.25	0.6
ACCUM DEFERRED TAX CREDITS	0.34	1.2	0.53	1.8	2.43	1.9	2.58	2.3	4.75	2.4	2.70	1.4	5.87	2.6	4.85	2.4
TOTAL LIABILITIES	13.53	45.8	13.58	45.7	78.19	59.8	68.07	59.6	120.57	60.8	114.49	60.7	116.67	52.6	96.36	46.8
STOCKHOLDER'S EQUITY	16.00	54.2	16.16	54.3	51.25	40.2	46.10	40.4	77.87	39.2	74.14	39.3	105.15	47.4	109.49	53.2
TOTAL CAPITAL	18.70	63.3	18.07	60.8	73.21	57.4	61.96	54.3	118.53	59.7	110.03	58.3	150.82	68.0	148.86	72.3
TOTAL LIABILITIES & EQUITY	29.53	100.0	29.74	100.0	127.44	100.0	114.16	100.0	198.43	100.0	188.64	100.0	221.82	100.0	205.85	100.0

ANALYTICAL DATA

	1984 RATIOS	1983 RATIOS	1984 RATIOS	1983 RATIOS	1984 RATIOS	1983 RATIOS	1984 RATIOS	1983 RATIOS
OPERATING PERFORMANCE								
GROSS REVENUES TO EQUITY	5.75	5.73	6.65	6.76	7.40	6.92	5.02	4.40
GROSS REVENUES TO TOTAL CAPITAL	4.92	5.12	4.66	5.03	4.86	4.66	3.50	3.24
GROSS REVENUES TO NET CARR OPER PROP	12.23	13.40	6.60	6.93	6.60	6.79	4.93	4.96
GROSS REVENUES TO CARR OPER PROP (COST)	3.60	3.93	2.69	2.78	2.97	2.83	2.31	2.36
PRE TAX INCOME TO GROSS REVENUES %	2.11	2.45	2.55	2.19	1.68	2.98	1.57	3.00
PRE TAX INCOME TO TOTAL CAPITAL %	10.36	12.55	11.86	11.01	8.19	13.89	5.49	9.72
AFTER TAX INCOME TO GROSS REVENUES %	1.74	1.95	1.63	1.49	0.84	2.05	1.05	2.06
AFTER TAX INCOME TO EQUITY %	10.02	11.19	10.87	10.04	6.25	14.22	5.26	9.06
RETURN ON TRANSPORTATION INVESTMENT %	7.54	10.77	14.36	13.05	15.97	17.50	6.48	11.07
EXPENSE RATIO %	98.77	98.42	98.49	98.73	98.14	97.88	99.48	98.14
OPERATING RATIO %	98.54	98.08	97.28	97.69	97.09	96.95	98.45	97.13
AVERAGE REVENUE PER CARRIER	10.22	10.29	10.65	9.74	11.53	10.26	10.55	9.64
NET INCOME PER CARRIER	0.18	0.20	0.17	0.14	0.10	0.21	0.11	0.20
LIQUIDITY								
CASH THROW OFF, DOLLARS	3.65	4.00	17.76	14.99	24.37	27.99	30.32	31.62
WORKING CAPITAL, DOLLARS	10.26	9.64	12.83	10.27	17.68	13.73	19.21	28.03
CURRENT RATIO	2.07	1.88	1.25	1.21	1.24	1.18	1.30	1.55
DAYS CASH OPER EXP IN WORK CAP	42.18	39.66	14.63	12.73	11.89	10.40	14.09	22.78
AVERAGE DAYS COLLECTION PERIOD	49.52	47.81	34.29	38.05	33.07	35.20	29.10	29.71
LEVERAGE & DEBT SERVICE								
FUNDED DEBT TO EQUITY	0.20	0.15	0.53	0.42	0.57	0.53	0.55	0.42
NET DEBT TO EQUITY	0.47	0.48	0.13	0.06	0.17	0.21	0.22	0.06
FUNDED DEBT TO TANGIBLE NET WORTH	0.20	0.15	0.54	0.43	0.61	0.55	0.58	0.42
CASH THROW TO FUNDED DEBT DUE IN ONE YR %	769.18	758.05	231.41	253.51	182.56	278.41	188.52	264.64
CASH THROW TO TOTAL FUNDED DEBT %	114.67	164.22	65.93	78.18	54.66	71.58	52.31	88.69
INTEREST TO TOTAL FUNDED DEBT %	6.62	13.05	15.31	16.90	13.50	12.11	9.42	10.58
CARRIER PROPERTY (NET) TO EQUITY	0.47	0.43	1.01	0.97	1.12	1.02	1.02	0.89
ADDITIONAL RATIOS								
RECEIVABLES TO PAYABLES	2.61	2.46	1.71	1.63	1.74	1.43	1.73	1.78
DEPREC TO DEBT DUE IN ONE YEAR	4.41	4.19	1.58	1.81	1.41	1.64	1.48	1.72
TOTAL TANG PROP TO EQUITY	0.51	0.48	1.13	1.06	1.21	1.09	1.04	0.90
INCOME BEFORE EXTRA ITEMS ETC TO EQUITY %	10.02	11.19	10.87	10.04	6.25	14.22	4.98	9.06
GROSS REVENUES TO TOTAL TANG PROP	11.25	12.02	5.87	6.40	6.13	6.35	4.84	4.87
PRODUCTIVITY MEASURES (INT-CTY CARR ONLY)								
TOTAL PAYROLL TO REVENUES %	32.94	33.50	29.35	30.56	28.56	29.51	24.87	25.13
TOTAL PAYROLL (WPT) TO REVENUES %	51.00	51.77	52.53	52.98	53.91	53.88	50.40	50.81
CARGO HANDLER COMPEN TO REVENUES %	4.24	4.28	3.85	4.28	3.34	3.89	2.51	2.47
LINEHAUL EXPENSES TO REVENUES %	23.02	24.88	42.69	40.46	49.11	48.26	57.65	57.42
REVENUE PER TON MILE, CENTS	26.03	22.45	22.95	21.60	20.06	18.58	11.70	13.27
AVERAGE LOAD, TONS	10.04	10.62	10.14	10.54	9.81	10.73	11.92	10.42
TOTAL TONS, THOUS	1,164.54	1,248.38	6,381.72	5,176.22	8,404.31	7,352.42	9,826.30	8,758.82
TOTAL MILES, THOUS	32,139.48	34,732.12	118,940.90	109,151.01	201,645.03	174,985.97	303,495.08	275,752.50

5 NORTHWESTERN 13				6 MIDDLEWESTERN 21				7 SOUTHWESTERN 19				8 ROCKY MOUNTAIN 13				9 PACIFIC 35				TOTAL ALL REGIONS 242			
1984		1983		1984		1983		1984		1983		1984		1983		1984		1983		1984		1983	
$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%
190.37	100.0	167.23	100.0	271.27	100.0	249.14	100.0	245.24	100.0	221.30	100.0	162.44	100.0	141.64	100.0	359.70	100.0	338.82	100.0	2,766.08	100.0	2,517.44	100.0
5.88	3.1	5.41	3.2	9.78	3.6	8.97	3.6	9.36	3.8	6.99	3.2	6.33	3.9	5.52	3.9	7.68	2.1	7.01	2.1	95.87	3.5	83.88	3.3
63.48	33.3	53.60	32.1	83.88	30.9	71.43	28.7	78.63	32.1	80.44	36.4	67.31	41.4	55.21	39.0	100.41	27.9	85.86	25.3	814.08	29.4	725.66	28.8
187.26	98.4	163.37	97.7	259.96	95.8	239.33	96.1	232.08	94.6	211.46	95.6	160.23	98.6	139.82	98.7	348.80	97.0	326.29	96.3	2,689.83	97.2	2,441.11	97.0
3.11	1.6	3.86	2.3	11.31	4.2	9.81	3.9	13.16	5.4	9.84	4.4	2.21	1.4	1.82	1.3	10.90	3.0	12.53	3.7	76.25	2.8	76.33	3.0
2.30	1.2	2.08	1.2	3.34	1.2	3.02	1.2	3.64	1.5	2.16	1.0	1.89	1.2	1.55	1.1	2.79	0.8	2.53	0.7	29.77	1.1	24.51	1.0
1.43	0.8	3.07	1.8	10.38	3.8	8.98	3.6	7.67	3.1	5.71	2.6	1.77	1.1	1.46	1.0	11.89	3.3	13.05	3.9	61.75	2.2	71.12	2.8
0.51	0.3	0.96	0.6	2.11	0.8	1.50	0.6	3.88	1.6	2.31	1.0	0.60	0.4	0.33	0.2	2.89	0.8	3.09	0.9	18.14	0.7	18.41	0.7
0.14	0.1	0.13	0.1	0.38	0.1	0.41	0.2	0.02	0.0	0.03	0.0	0.28	0.2	0.42	0.3	0.09	0.0	0.03	0.0	2.43	0.1	2.29	0.1
0.00	0.0	0.00	0.0	0.33	0.1	0.27	0.1	1.77	0.7	3.48	1.6	0.18	0.1	0.11	0.1	0.49	0.1	0.07	0.0	1.52	0.1	2.80	0.1
0.78	0.4	1.99	1.2	8.99	3.3	7.34	2.9	2.00	0.8	0.05	0.0	1.91	1.2	1.44	1.0	8.42	2.3	10.00	3.0	39.66	1.4	47.62	1.9
0.00	0.0	0.02	0.0	0.00	0.0	0.09	0.0	10.20	4.2	0.00	0.0	0.00	0.0	0.06	0.0	0.01	0.0	0.89	0.3	8.78	0.3	8.06	0.3
0.78	0.4	2.01	1.2	8.98	3.3	7.42	3.0	12.19	5.0	0.05	0.0	1.91	1.2	1.50	1.1	8.41	2.3	10.90	3.2	48.44	1.8	55.68	2.2
6.90	10.2	7.47	12.0	13.28	12.2	11.65	11.8	10.35	9.4	10.85	11.7	6.88	9.5	3.26	4.9	18.31	13.9	19.36	16.0	128.10	12.0	128.89	13.2
1.29	1.9	0.87	1.4	2.41	2.2	3.81	3.9	13.88	12.6	10.66	11.5	1.75	2.4	1.67	2.5	10.39	7.9	7.59	6.3	48.71	4.6	38.25	3.9
18.27	27.1	15.81	25.3	24.80	22.7	21.76	22.1	29.34	26.7	24.69	26.5	18.72	26.0	15.33	23.2	36.50	27.7	34.70	28.7	266.43	25.0	243.94	24.9
1.75	2.6	1.45	2.3	3.94	3.6	3.13	3.2	2.72	2.5	2.76	3.0	2.29	3.2	2.04	3.1	4.58	3.5	4.81	4.0	32.62	3.1	29.73	3.0
0.98	1.4	1.02	1.6	1.18	1.1	1.38	1.4	2.23	2.0	1.98	2.1	1.31	1.8	0.83	1.3	2.01	1.5	1.89	1.6	17.28	1.6	16.21	1.7
0.14	0.2	0.16	0.3	0.36	0.3	0.45	0.5	0.17	0.2	0.27	0.3	0.19	0.3	0.56	0.9	0.69	0.5	1.18	1.0	2.67	0.2	3.61	0.4
29.31	43.4	26.78	42.9	45.98	42.2	42.26	43.0	58.69	53.3	51.21	55.0	31.15	43.2	23.70	35.8	72.49	55.1	69.52	57.5	495.81	46.4	460.63	47.0
66.34	98.3	61.03	97.7	101.37	92.9	95.45	97.1	77.05	70.0	60.35	64.9	59.35	82.3	53.41	80.8	96.16	73.0	86.52	71.5	974.45	91.3	878.42	89.7
35.60	52.7	33.54	53.7	52.46	48.1	52.09	53.0	37.25	33.8	29.31	31.5	27.95	38.8	23.55	35.6	60.71	46.1	57.56	47.6	534.59	50.1	493.21	50.4
30.74	45.5	27.48	44.0	48.91	44.8	43.36	44.1	39.80	36.2	31.04	33.4	31.39	43.5	29.86	45.1	35.44	26.9	28.96	23.9	439.86	41.2	385.21	39.3
33.57	49.7	30.59	49.0	50.01	45.8	44.43	45.2	41.10	37.3	32.50	34.9	36.08	50.0	36.05	54.5	44.08	33.5	35.50	29.3	473.99	44.4	415.18	42.4
0.26	0.4	0.35	0.6	0.77	0.7	0.83	0.8	3.47	3.2	4.95	5.3	1.37	1.9	1.48	2.2	1.48	1.1	1.48	1.2	14.39	1.3	14.71	1.5
4.36	6.5	4.76	7.6	12.32	11.3	10.80	11.0	6.82	6.2	4.37	4.7	3.50	4.9	4.90	7.4	13.60	10.3	14.47	12.0	83.45	7.8	88.84	9.1
67.51	100.0	62.49	100.0	109.08	100.0	98.32	100.0	110.08	100.0	93.03	100.0	72.10	100.0	66.14	100.0	131.64	100.0	120.98	100.0	1,067.64	100.0	979.35	100.0
0.94	1.4	0.68	1.1	1.24	1.1	1.67	1.7	5.89	5.4	8.53	9.2	0.75	1.0	0.70	1.1	6.14	4.7	5.00	4.1	40.17	3.8	35.99	3.7
2.67	4.0	1.93	3.1	0.42	0.4	0.74	0.8	1.67	1.5	2.69	2.9	1.43	2.0	1.48	2.2	2.42	1.8	1.84	1.5	20.11	1.9	19.00	1.9
11.25	16.7	10.40	16.6	13.38	12.3	11.87	12.1	8.61	7.8	8.38	9.0	8.96	12.4	9.35	14.1	16.83	12.8	17.57	14.5	125.34	11.7	127.60	13.0
1.63	2.4	1.47	2.4	3.65	3.3	3.58	3.6	1.48	1.3	1.47	1.6	1.86	2.6	1.26	1.9	2.42	1.8	2.57	2.1	26.85	2.5	27.58	2.8
1.01	1.5	1.12	1.8	2.53	2.3	2.37	2.4	4.34	3.9	3.24	3.5	0.97	1.3	0.79	1.2	1.41	1.1	1.75	1.5	18.44	1.7	16.94	1.7
4.22	6.3	3.27	5.2	7.60	7.0	5.75	5.9	8.71	7.9	6.08	6.5	2.43	3.4	1.93	2.9	5.55	4.2	4.87	4.0	66.09	6.2	50.35	5.1
5.32	7.9	5.46	8.7	6.22	5.7	5.89	6.0	6.86	6.2	8.47	9.1	2.90	4.0	3.49	5.3	7.71	5.9	7.67	6.3	62.65	5.9	63.40	6.5
27.04	40.1	24.33	38.9	35.04	32.1	31.89	32.4	37.56	34.1	38.86	41.8	19.32	26.8	19.00	28.7	42.49	32.3	41.29	34.1	359.65	33.7	340.85	34.8
1.19	1.8	0.92	1.5	13.10	12.0	12.66	12.9	0.38	0.3	0.00	0.0	5.98	8.3	5.20	7.9	1.44	1.1	1.19	1.0	37.99	3.6	34.69	3.5
13.44	19.9	11.02	17.6	22.58	20.7	21.40	21.8	20.47	18.6	13.07	14.1	14.11	19.6	10.93	16.5	16.08	12.2	11.60	9.6	181.77	17.0	146.34	14.9
14.63	21.7	11.95	19.1	35.68	32.7	34.07	34.7	20.85	18.9	13.07	14.1	20.09	27.9	16.13	24.4	17.52	13.3	12.79	10.6	219.76	20.6	181.03	18.5
17.66	26.2	14.29	22.9	30.18	27.7	27.16	27.6	29.17	26.5	19.15	20.6	16.54	22.9	12.86	19.4	21.63	16.4	16.47	13.6	247.86	23.2	196.68	20.1
1.23	1.8	1.38	2.2	1.51	1.4	0.67	0.7	0.31	0.3	0.22	0.2	0.74	1.0	1.57	2.4	1.59	1.2	1.42	1.2	9.73	0.9	8.58	0.9
0.68	1.0	0.62	1.0	2.56	2.3	2.93	3.0	1.18	1.1	1.30	1.4	2.69	3.7	2.62	4.0	1.42	1.1	1.24	1.0	21.93	2.1	19.38	2.0
43.58	64.5	38.28	61.3	74.78	68.6	69.56	70.7	59.90	54.4	53.45	57.5	42.84	59.4	39.33	59.5	63.02	47.9	56.73	46.9	611.08	57.2	549.84	56.1
23.93	35.5	24.21	38.7	34.30	31.4	28.76	29.3	50.18	45.6	39.58	42.5	29.26	40.6	26.81	40.5	68.62	52.1	64.25	53.1	456.56	42.8	429.51	43.9
38.56	57.1	36.16	57.9	69.98	64.2	62.83	63.9	71.03	64.5	52.65	56.6	49.35	68.4	42.94	64.9	86.14	65.4	77.03	63.7	676.32	63.3	610.54	62.3
67.51	100.0	62.49	100.0	109.08	100.0	98.32	100.0	110.08	100.0	93.03	100.0	72.10	100.0	66.14	100.0	131.64	100.0	120.98	100.0	1,067.63	100.0	979.35	100.0
1984 RATIOS		1983 RATIOS		1984 RATIOS		1983 RATIOS		1984 RATIOS		1983 RATIOS		1984 RATIOS		1983 RATIOS		1984 RATIOS		1983 RATIOS		1984 RATIOS		1983 RATIOS	
7.95		6.91		7.91		8.66		4.89		5.59		5.55		5.28		5.24		5.27		6.06		5.86	
4.94		4.63		3.88		3.97		3.45		4.20		3.29		3.30		4.18		4.40		4.09		4.12	
6.19		6.09		5.55		5.75		6.16		7.13		5.17		4.74		10.15		11.70		6.29		6.54	
2.87		2.74		2.68		2.61		3.18		3.67		2.74		2.65		3.74		3.92		2.84		2.87	
0.75		1.84		3.83		3.60		3.13		2.58		1.09		1.03		3.30		3.85		2.23		2.83	
3.72		8.49		14.84		14.29		10.79		10.85		3.58		3.41		13.80		16.94		9.13		11.65	
0.41		1.19		3.31		2.94		0.81		0.02		1.18		1.02		2.34		2.95		1.43		1.89	
3.24		8.20		26.20		25.50		3.98		0.13		6.53		5.38		12.27		15.57		8.69		11.09	
9.41		12.91		18.90		18.26		21.60		22.68		5.11		5.26		16.66		21.90		13.24		15.11	
99.57		98.93		97.06		97.28		96.12		96.53		99.81		99.81		97.74		97.05		98.32		97.94	
98.37		97.69		95.83		96.06		94.63		95.55		98.64		98.72		96.97		96.30		97.24		96.97	
14.64		12.86		12.92		11.86		12.91		11.65		12.50		10.90		10.28		9.68		11.43		10.40	
0.06		0.15		0.43		0.35		0.11		0.00		0.15		0.11		0.24		0.29		0.16		0.20	
6.80		7.52		18.06		16.45		13.14		10.39		8.70		6.65		16.67		16.97		139.47		136.59	
2.28		2.45		10.95		10.37		21.13		12.35		11.83		4.70		30.00		28.24		136.15		119.78	
1.08		1.10		1.31		1.33		1.56		1.32		1.61		1.25		1.71		1.68		1.38		1.35	
4.57		5.64		15.89		16.38		34.42		21.97		28.03		12.78		32.02		32.16		19.09		18.49	
35.04		34.50		33.36		31.90		43.67		40.73		42.07		39.52		37.04		37.38		35.16		35.37	
0.74		0.59		0.88		0.94		0.58		0.48		0.57		0.48		0.32		0.26		0.54		0.46	
0.47		0.35		0.34		0.38		0.01		0.02		0.08		0.23		0.20		0.26		0.10		0.06	
0.75		0.60		0.90		0.97		0.82		0.55		0.59		0.51		0.32		0.26		0.56		0.47	
161.13		230.21		237.72		285.95		150.99		170.95		357.38		344.24		300.29		348.50		211.04		271.30	
38.51		52.64		59.83		60.59		45.06		54.27		52.61		51.72		77.05		103.04		56.27		69.45	
13.01		14.55		11.05		11.13		12.47		11.30		11.45		12.02		12.91		15.37		12.01		12.46	
1.28		1.14		1.43		1.51		0.79		0.78		1.07		1.11		0.52		0.45		0.96		0.90	
1.31		1.28		1.80		1.73		2.85		2.23		1.80		1.42		1.90		1.79		1.83		1.66	
1.39		1.66		1.29		1.56		1.07		1.15		2.60		2.86		1.38		1.44		1.45		1.67	
1.40		1.26		1.46		1.54		0.82		0.82		1.23		1.34		0.64		0.55		1.04		0.97	
3.24		8.20		26.20		25.50		7.50		8.67		7.58		6.00		12.27		15.57		9.07		11.94	
5.67		5.47		5.42		5.61		5.97		6.81		4.50		3.93		8.16		9.55		5.84		6.06	
24.71		25.65		22.88		24.46		21.70		21.40		18.42		20.28		28.69		30.00		26.04		26.97	
57.00		56.40		57.18		55.05		53.58		56.51		59.83		60.12		55.04		52.82		53.92		53.83	
3.67		4.15		3.22		3.50		3.83		3.56		2.74		3.57		5.12		5.15		3.47		3.71	
55.56		52.13		56.89		55.98		55.95		57.18		58.41		55.45		40.96		39.00		50.53		49.28	
17.40		17.70		10.97		13.02		12.52		12.38		10.86		11.62		19.97		20.95		15.18		15.89	
10.97		10.25		14.94		12.29		12.75		12.96		15.31		15.34		11.49		10.69		11.85		11.25	
2,222.15		1,865.99		3,316.48		2,924.62		4,109.52		3,740.13		1,594.46		1,381.51		5,002.34		5,133.69		41,821.81		37,581.78	
4,037.72		72,830.48		130,649.87		117,332.83		108,815.26		97,757.89		72,954.41		60,759.18		87,984.62		87,885.50		1,140,662.34		1,031,187.28	

General Freight Carriers With Revenues Greater Than $25 Million Annually

The largest general freight carriers fall within carrier Group C, divided into two subgroups. Those with annual revenues between $25 million and $100 million are in Group C-1. They are subsequently divided into two length of haul categories--less than 250 miles and greater than 250 miles. The largest general freight carriers--with revenues greater than $100 million (Group C-2)--are divided into 4 length of haul categories: less than 250; 250-500; 500-750; and greater than 750 miles.

A brief summary comparison of Group C-1 with C-2 shows greater business increases and revenue growth for the C-1 carriers in 1984. They showed a fractional increase in operating profits (although profits didn't match the pace of revenue growth, hence, margins fell). Operating profits in Group C-2 declined. Liquidity generally deteriorated in both groups, but moreso in C-2. Debt levels and overall leverage was, however, much higher in Group C-1. The C-2 carriers' fleet appears newest in the industry, with Group C-1 firms close behind. Both these groups' fleets are substantially less aged than their small and medium size counterparts in Groups A and B. Purchased transportation use is much heavier in Group C-1 than C-2. Group C-2 carriers, in fact, make the least use of this alternative of any general freight group.

No group in the 1985 Financial Analysis achieved anything close to best ever results, nor are there great differences between group performance in 1984. However, within the industry rankings, carriers in numerous Group C categories show up among the leaders in financial strength, as was also the case in 1983.

C-1: General Freight Carriers with Revenues between $25 Million and $100 Million Annually

Operating Performance

Tonnage for these carriers grew 8% from 1983 to 1984, mileage 12.7% and revenues by 11.3%. Essentially no difference was evident between the two length of haul categories in these measures. Both also showed expense increases slightly higher than revenue growth, but managed some minor dollar increase in operating profits. Net profits increased slightly for the short haul carriers, but fell modestly for the longer haul group. Profit margins, though, decreased for both groups since revenue growth outpaced the small change in profits for short haul firms, and compares with decreasing income for longer haul companies.

Despite the decreasing margins, carriers within the short haul category of this group have both the best operating ratio and net profit margin within the industry. Their operating ratio is 94.04 and profit margin, 3.46% in 1984. Although best margins in 1984, they are far from superior margins in the historic perspective of industry results. The longer haul group did not match their short haul peers, as their operating ratio of 96.93 and profit margin of 1.20% were not even average within the industry in 1984, definitely unfavorable by historic measures.

Return on equity for Group C-1 fell from 12.4% in 1983 to 10.99% in 1984 and return on investment, from 19.78% to 17.02%. In these return measures, the short haul carriers returns are about double that of longer haul carriers. The short haul carriers' return on investment, at 23.62%, was highest among all general freight carrier groups in this analysis.

Liquidity

Cash throw increased similarly for both length of haul categories, by 12.2% for short haul firms and 10.1% for long haul. Depreciation provided 63 percent of cash throw for the group, but a high 74% of the long haul carrier's cash throw compared with 48% for the short haul firms.

Working capital, however, declined for both length of haul groups, by a significant 43% for long haul carriers and by 30% for short haul. Resultingly, working capital coverage of daily operating expenses declined appreciably -- by more than 40% -- and current ratios deteriorated. The short haul carrier's current ratio of 1.32 remains fairly sound, the 1.09 for long haul carriers is among the industry's least favorable.

Investments/ Returns

Both length of haul groups increased their investments in carrier operating property in 1984, by 19.5% for long haul carriers and 17.3% for short haul, resulting in a decline in fleet age. The long haul carrier's equipment, at 44.6% depreciated in 1984, is among the newest in the industry. By comparison, the short haul carrier's fleet is 53.2% depreciated, moderately aged.

The increase is investment in 1984 had some impacts on investment yield. As mentioned previously, return on transportation investment declined modestly, and the revenue yield -- gross revenues per dollar of net carrier operating income -- fell for Group C-1 from $5.55 in 1983 to $4.78 in 1984. Both groups by length of haul showed declines of similar magnitude.

There was virtually no change in the use of purchased transportation by Group C-1 carriers, at 22% of expenses in both 1983 and 1984. The longer haul carriers use of purchased transportation is over three times greater than that of the shorter haul firms, and among the most intense use of purchased transportation of all general freight carriers.

Leverage/ Debt Service

Levels of funded debt for Group C-1 carriers increased 32.2% from 1983 to 1984, almost twice the pace as growth in total footings. Actually, this change was virtually all concentrated among the longer haul carriers, where funded debt increased almost 39%. The funded debt increase for short haul carriers was 9.5%.

Comparing changes in debt and investment from 1983 to 1984 shows large differences between these two length of haul groups. The more profitable short haul carriers managed an $87 million increase in carrier operating property at cost, with funded debt levels rising only $7 million (or 8% of investments). On the other hand, the less profitable longer haul carriers required an increase of $103 million in debt, with investments in operating property increasing $187 million. The debt increase was 55% of their investment growth.

Funded debt to equity levels are very sound for short haul carriers at 0.28 in 1984 and a decline from 1983. In contrast, debt to equity for long haul carriers is 0.81 -- three times higher -- and marked a substantial increase from 1983. The 0.81 debt to equity level of the longer haul carriers is among the highest (worst) in the industry.

Another indication of the differences between these two length of haul groups, and measures of varying financial strength, is cash throw coverage of debt. Cash throw for short haul carriers could pay off all debt in less than one year. Longer haul carriers would need close to three years of applied cash throw coverage to eliminate present debt levels.

The rise in indebtedness resulted in increases in interest expenses for Group C-1 carriers in line with debt amounts. Interest expense increased 10% for short haul carriers, 28% for long haul firms. Interest was 13.3% of funded debt in 1984, down from 14.2% in 1983. The decline in this rate actually occurred in the longer haul group. However, the interest expense for the long haul group was equal to 1.6% of revenues and 52% of net carrier operating income, a much heavier burden than for short haul carriers (interest equalled 0.9% of revenues and only 15% of operating income).

In sum, the short haul general freight carriers with revenues between $25 and $100 million are one of the most profitable and financially healthy carrier groups in the industry, a similar position as in 1983. Their larger haul counterparts remain in much weaker shape and unfavorably situated within the industry, essentially no change for them from 1983.

C-2: General Freight Carriers With Revenues Greater Than $100 Million Annually

Operating Performance

The major general freight carriers, with revenues ranging from $100 million to $1.4 billion, achieved a 9.2% revenue growth from 1983 to 1984 on very modest increase in business. Tonnage increased only 1.4% and vehicle mileage 5.5%. Among the four length of haul categories, revenue increases ranged from 5.9% (250-500 mile haul) to 14.9% (less than 250 mile haul). The carriers with 500-750 mile hauls saw revenues grow 10.5% and for long haul carriers (greater than 750 mile haul), revenues grew 9%

This long haul revenue growth was achieved despite a 4% decline in tonnage. The short haul carriers in Group C-2 had the strongest business growth (tons up 14%, miles up 25%) commensurate with generating 15% higher revenues.

Each of the length of haul segments in Group C-2 faced the same problem plaguing the industry -- expenses rising faster than revenues. Thus, operating profits declined across the spectrum in 1984, by 12% for 500-750 mile haul carriers to a 38% decline for 250-500 mile firms. On average, Group C-2 carriers saw operating profits fall 17%. The group's operating ratio rose from 94.57 in 1983 to 95.87 in 1984 -- a 1.3 point hike. The lowest operating ratio in 1984 was 95.26 (over 750 mile haul); the highest was 98.59 (250-500 mile haul). In comparison, the 1983 range was from 93.80 to 97.58. The current year was definitely less profitable than the previous one.

The decline in operating profits was matched by a similar 17.2% decline in net profits for the group. The range by length of haul categories exhibited some variance, however, from a profit decline of 44% in the shortest haul category to the generation of profits in the 250-500 mile haul group. This latter group had a net loss in 1983. The profit declines in Group C-2 were the largest group declines in the industry.

Profit margins were widely spread among the length of haul categories. The highest profit margin was 3.06% for the long haul carriers, followed by 2.14% for the short haul firms, 1.53% for 500-750 mile haul carriers down to 0.08% for firms with 250-500 mile lengths of haul. A similar ranking occurred on returns on equity -- from 12.16% for long haul down to 0.40% for 250-500 mile haul carriers.

Liquidity

Cash throw for Group C-2 declined a minor 1.6% from 1983 to 1984 in contrast to cash throw changes elsewhere in the industry. Cash throw declined in each of the length of haul categories except for 250-500 mile carriers, where it increased 27.5%. Virtually all of this increase (93.8%) stemmed from depreciation charges, not net income. In other length of haul groups, cash throw declined, and even though earnings declined, earnings still contributed significantly to cash throw. In the long haul group, for example, depreciation provided only half of cash throw; in the short haul category, only 28%.

Working capital turned down severely for the longest haul carriers in Group C-2, by 94%,* producing a group total decline of 59%. Short haul carriers also experienced a working capital decline of 25%. The other length of haul categories showed increases. This working capital decline coupled with rising operating expenses resulted in an expected slip in ability to cover cash operating expenses from working capital. The problem again is with the longest haul carrier group, where coverage slipped from 21 days in 1983 to 1.2 days* in 1984. While the other haul categories experienced some upward and downward change in coverage, their 1984 results showed coverage ranging from 15 to 19

Carrier Group C

LENGTH OF HAUL	CARRIERS WITH REVENUES BETWEEN $25,000,000 AND $100,000,000												CARRIERS WITH REVENUES OVER $100,000			
	250 MILES AND UNDER				251 MILES AND OVER				SUB-TOTAL, GROUP C-1				250 MILES AND UNDER			
NUMBER OF CARRIERS	28				60				88				3			
YEAR	1984		1983		1984		1983		1984		1983		1984		1983	
INCOME STATEMENT	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%
INCOME & EXPENSE DATA																
GROSS REVENUES	1,322.66	100.0	1,186.68	100.0	3,042.57	100.0	2,735.61	100.0	4,365.23	100.0	3,922.28	100.0	684.41	100.0	595.43	100.0
DEPRECIATION	45.55	3.4	41.11	3.5	107.18	3.5	87.89	3.2	152.73	3.5	129.00	3.3	6.88	1.0	6.67	1.1
PURCHASED TRANSPORTATION	112.43	8.5	95.81	8.1	849.62	27.9	765.27	28.0	962.05	22.0	861.08	22.0	190.10	27.8	158.33	26.6
TOTAL OPERATING EXPENSES	1,243.86	94.0	1,108.40	93.4	2,949.14	96.9	2,643.78	96.6	4,193.00	96.1	3,752.18	95.7	654.81	95.7	560.40	94.1
NET CARRIER OPERATING INCOME	78.79	6.0	78.28	6.6	93.43	3.1	91.82	3.4	172.23	3.9	170.10	4.3	29.60	4.3	35.03	5.9
INTEREST EXPENSE	11.66	0.9	10.55	0.9	48.29	1.6	37.83	1.4	59.95	1.4	48.38	1.2	3.51	0.5	3.72	0.6
NET INCOME BEFORE TAXES	74.60	5.6	72.16	6.1	53.10	1.7	59.58	2.2	127.70	2.9	131.74	3.4	27.68	4.0	32.00	5.4
INCOME TAXES CURRENT	24.84	1.9	28.32	2.4	14.77	0.5	15.33	0.6	39.61	0.9	43.66	1.1	9.78	1.4	8.19	1.4
DEFERRED INCOME TAXES	5.18	0.4	2.66	0.2	5.42	0.2	6.30	0.2	10.60	0.2	8.96	0.2	2.36	0.3	1.69	0.3
OTHER ADJUSTMENTS TO INCOME	1.24	0.1	1.07	0.1	3.45	0.1	2.91	0.1	4.70	0.1	3.99	0.1	0.91-	0.1-	3.84	0.6
INCOME BEFORE EXTRA ITEMS	45.81	3.5	42.25	3.6	36.37	1.2	40.86	1.5	82.18	1.9	83.11	2.1	14.64	2.1	25.96	4.4
EXTRAORDINARY ITEMS	2.12	0.2	0.81	0.1	0.45-	0.0	0.74-	0.0	1.67	0.0	0.07	0.0	0.00	0.0	0.00	0.0
NET INCOME AFTER TAXES	47.93	3.6	43.06	3.6	35.92	1.2	40.12	1.5	83.85	1.9	83.19	2.1	14.64	2.1	25.96	4.4
BALANCE SHEET																
ASSETS																
CASH	57.25	9.9	69.75	13.7	76.60	5.9	85.43	7.8	133.85	7.1	155.18	9.7	6.62	2.6	6.33	2.6
RECEIVABLES FROM AFFILIATES	16.86	2.9	16.92	3.3	54.86	4.2	47.43	4.3	71.73	3.8	64.35	4.0	25.87	10.0	39.25	16.1
NOTES & ACCOUNTS RECEIVABLE	126.64	22.0	108.80	21.3	280.61	21.6	244.64	22.3	407.25	21.7	353.44	22.0	56.59	21.8	54.43	22.3
PREPAID EXPENSES	14.83	2.6	17.06	3.3	47.46	3.6	40.79	3.7	62.28	3.3	57.86	3.6	5.27	2.0	3.72	1.5
MATERIALS & SUPPLIES	13.73	2.4	13.75	2.7	19.84	1.5	20.23	1.8	33.56	1.8	33.99	2.1	3.99	1.5	3.96	1.6
OTHER CURRENT ASSETS	3.40	0.6	4.22	0.8	6.31	0.5	6.50	0.6	9.71	0.5	10.72	0.7	1.18	0.5	0.67	0.3
TOTAL CURRENT ASSETS	232.70	40.4	230.51	45.2	485.68	37.3	445.03	40.6	718.38	38.3	675.54	42.0	99.52	38.4	108.36	44.5
CARRIER OPERATING PROPERTY	590.67	102.5	503.62	98.7	1,149.25	88.4	962.10	87.7	1,739.92	92.7	1,465.72	91.2	165.04	63.7	150.29	61.7
RESERVE FOR DEPRECIATION	314.07	54.5	293.67	57.6	512.01	39.4	465.75	42.4	826.08	44.0	759.42	47.2	68.54	26.4	63.75	26.2
CARRIER OPERATING PROPERTY NET	276.60	48.0	209.95	41.2	637.24	49.0	496.35	45.2	913.84	48.7	706.30	43.9	96.50	37.2	86.54	35.5
TOTAL TANGIBLE PROPERTY	281.61	48.9	214.92	42.1	644.50	49.6	503.32	45.9	926.11	49.3	718.23	44.7	96.50	37.2	86.54	35.5
INTANGIBLES	15.75	2.7	7.26	1.4	44.47	3.4	32.78	3.0	60.23	3.2	40.04	2.5	2.44	0.9	2.34	1.0
OTHER ASSETS	46.19	8.0	57.32	11.2	125.92	9.7	116.27	10.6	172.10	9.2	173.59	10.8	60.68	23.4	46.48	19.1
TOTAL ASSETS	576.26	100.0	510.00	100.0	1,300.57	100.0	1,097.40	100.0	1,876.83	100.0	1,607.40	100.0	259.14	100.0	243.72	100.0
LIABILITIES & EQUITY																
PAYABLES TO AFFILIATES	18.66	3.2	4.41	0.9	62.49	4.8	37.83	3.4	81.16	4.3	42.23	2.6	6.01	2.3	21.61	8.9
NOTES PAYABLE	3.43	0.6	3.30	0.6	10.69	0.8	10.98	1.0	14.13	0.8	14.26	0.9	2.59	1.0	0.00	0.0
ACCOUNTS PAYABLE	60.57	10.5	54.02	10.6	128.64	9.9	129.70	11.8	189.22	10.1	183.72	11.4	14.21	5.5	16.36	6.7
MISC PAYABLES & ACCRUALS	14.29	2.5	14.80	2.9	36.40	2.8	28.01	2.6	50.69	2.7	42.81	2.7	6.71	2.6	4.66	1.9
TAXES PAYABLE	8.27	1.4	12.82	2.5	16.59	1.3	15.29	1.4	24.86	1.3	28.11	1.7	11.47	4.4	0.35-	0.1-
FUNDED DEBT DUE WITHIN ONE YEAR	16.26	2.8	12.17	2.4	90.59	7.0	61.76	5.6	106.85	5.7	73.93	4.6	1.63	0.6	2.54	1.0
OTHER CURRENT LIABILITIES	54.19	9.4	47.16	9.2	99.34	7.6	89.83	8.2	153.54	8.2	138.98	8.5	22.98	8.9	17.84	7.3
TOTAL CURRENT LIABILITIES	175.69	30.5	148.68	29.2	444.76	34.2	373.37	34.0	620.45	33.1	522.04	32.5	65.61	25.3	62.67	25.7
ADVANCES PAYABLE	15.42	2.7	10.32	2.0	60.55	4.7	54.69	5.0	75.97	4.0	65.01	4.0	21.53	8.3	19.77	8.1
FUNDED DEBT DUE AFTER ONE YEAR	66.90	11.6	63.77	12.5	276.52	21.3	202.76	18.5	343.42	18.3	266.53	16.6	23.95	9.2	23.20	9.5
TOTAL LONG TERM DEBT	82.32	14.3	74.09	14.5	337.07	25.9	257.45	23.5	419.39	22.3	331.54	20.6	45.48	17.5	42.97	17.6
TOTAL FUNDED DEBT	83.16	14.4	75.94	14.9	367.11	28.2	264.52	24.1	450.27	24.0	340.47	21.2	25.58	9.9	25.74	10.6
RESERVES & EST LIABILITIES	3.72	0.6	4.42	0.9	22.13	1.7	18.74	1.7	25.86	1.4	23.16	1.4	2.53	1.0	2.59	1.1
ACCUM DEFERRED TAX CREDITS	20.09	3.5	19.83	3.9	42.94	3.3	40.30	3.7	63.03	3.4	60.13	3.7	11.52	4.4	8.91	3.7
TOTAL LIABILITIES	281.83	48.9	247.02	48.4	846.90	65.1	689.86	62.9	1,128.72	60.1	936.88	58.3	125.14	48.3	117.13	48.1
STOCKHOLDER'S EQUITY	294.43	51.1	262.98	51.6	453.67	34.9	407.54	37.1	748.10	39.9	670.52	41.7	134.01	51.7	126.59	51.9
TOTAL CAPITAL	376.76	65.4	337.07	66.1	790.74	60.8	665.00	60.6	1,167.49	62.2	1,002.07	62.3	179.48	69.3	169.56	69.6
TOTAL LIABILITIES & EQUITY	576.26	100.0	510.00	100.0	1,300.57	100.0	1,097.40	100.0	1,876.83	100.0	1,607.40	100.0	259.14	100.0	243.72	100.0

ANALYTICAL DATA	1984 RATIOS	1983 RATIOS	1984 RATIOS	1983 RATIOS	1984 RATIOS	1983 RATIOS	1984 RATIOS	1983 RATIOS
OPERATING PERFORMANCE								
GROSS REVENUES TO EQUITY	4.49	4.51	6.71	6.71	5.84	5.85	5.11	4.70
GROSS REVENUES TO TOTAL CAPITAL	3.51	3.52	3.85	4.11	3.74	3.91	3.81	3.51
GROSS REVENUES TO NET CARR OPER PROP	4.78	5.65	4.77	5.51	4.78	5.55	7.09	6.88
GROSS REVENUES TO CARR OPER PROP (COST)	2.24	2.36	2.65	2.84	2.51	2.68	4.15	3.96
PRE TAX INCOME TO GROSS REVENUES %	5.64	6.08	1.75	2.18	2.93	3.36	4.04	5.37
PRE TAX INCOME TO TOTAL CAPITAL, %	19.80	21.41	6.71	8.96	10.94	13.15	15.42	18.87
AFTER TAX INCOME TO GROSS REVENUES %	3.46	3.56	1.20	1.49	1.88	2.12	2.14	4.36
AFTER TAX INCOME TO EQUITY, %	15.56	16.07	8.02	10.03	10.99	12.40	10.92	20.51
RETURN ON TRANSPORTATION INVESTMENT, %	23.62	26.83	13.78	16.17	17.02	19.78	22.70	26.49
EXPENSE RATIO %	94.92	94.29	96.52	96.03	97.43	96.90	96.19	94.74
OPERATING RATIO %	94.04	93.40	96.93	96.64	96.05	95.66	95.67	94.12
AVERAGE REVENUE PER CARRIER	47.24	42.38	50.71	45.59	49.60	44.57	228.14	198.48
NET INCOME PER CARRIER	1.64	1.51	0.61	0.68	0.93	0.94	4.88	8.65
LIQUIDITY								
CASH THROW OFF, DOLLARS	95.31	84.95	145.51	132.14	240.81	217.09	24.79	30.48
WORKING CAPITAL, DOLLARS	57.01	81.83	40.92	71.66	97.94	153.50	33.91	45.69
CURRENT RATIO	1.32	1.55	1.09	1.19	1.15	1.29	1.52	1.73
DAYS CASH OPER EXP IN WORK CAP	17.33	27.98	5.24	10.22	8.82	15.44	19.10	30.09
AVERAGE DAYS COLLECTION PERIOD	34.95	33.46	33.66	32.64	34.05	32.89	30.18	33.37
LEVERAGE & DEBT SERVICE								
FUNDED DEBT TO EQUITY	0.28	0.29	0.81	0.65	0.60	0.51	0.19	0.20
NET DEBT TO EQUITY	0.03	0.07-	0.52	0.32	0.33	0.17	0.07-	0.18-
FUNDED DEBT TO TANGIBLE NET WORTH	0.30	0.30	0.90	0.71	0.65	0.54	0.19	0.21
CASH THROW TO FUNDED DEBT DUE IN ONE YR %	586.08	697.91	160.62	213.95	225.37	293.63	1,520.03	1,200.44
CASH THROW TO TOTAL FUNDED DEBT %	114.60	111.85	39.64	49.98	53.48	63.76	96.90	118.43
INTEREST TO TOTAL FUNDED DEBT %	14.02	13.90	13.16	14.30	13.32	14.21	13.71	14.44
CARRIER PROPERTY (NET) TO EQUITY	0.94	0.80	1.40	1.22	1.22	1.05	0.72	0.68
ADDITIONAL RATIOS								
RECEIVABLES TO PAYABLES	1.98	1.90	2.01	1.74	2.00	1.79	3.37	3.33
DEPREC TO DEBT DUE IN ONE YEAR	2.80	3.38	1.18	1.42	1.43	1.74	4.22	2.63
TOTAL TANG PROP TO EQUITY	0.96	0.82	1.42	1.24	1.24	1.07	0.72	0.68
INCOME BEFORE EXTRA ITEMS ETC TO EQUITY %	15.56	16.08	8.02	10.19	10.99	12.50	10.92	20.51
GROSS REVENUES TO TOTAL TANG PROP	4.70	5.52	4.72	5.44	4.71	5.46	7.09	6.88
PRODUCTIVITY MEASURES (INT-CTY CARR ONLY)								
TOTAL PAYROLL TO REVENUES %	38.03	39.06	26.66	27.29	30.30	31.06	35.29	35.70
TOTAL PAYROLL (WPT) TO REVENUES %	46.53	47.13	54.23	54.91	51.77	52.42	63.07	62.29
CARGO HANDLER COMPEN TO REVENUES %	7.32	7.48	3.98	4.31	5.04	5.33	7.69	7.94
LINEHAUL EXPENSES TO REVENUES %	28.26	27.49	52.69	51.71	44.87	43.94	42.22	38.91
REVENUE PER TON MILE, CENTS	41.64	40.97	13.67	13.63	17.42	17.35	46.03	44.57
AVERAGE LOAD, TONS	8.39	8.40	13.35	13.49	12.34	12.43	6.95	7.81
TOTAL TONS, THOUS	16,545.76	15,214.55	31,787.54	29,579.65	48,333.30	44,794.19	9,964.58	8,729.67
TOTAL MILES, THOUS	371,036.40	336,877.06	1,455,285.59	1,283,368.19	1,826,321.99	1,620,243.25	213,801.86	171,014.80

251 THROUGH 500 MILES				501 THROUGH 750 MILES				751 MILES AND OVER				TOTAL CARRIERS GROSS REVENUES OVER $100,000,000 SUBTOTAL GROUP C-2				TOTAL CARRIERS WITH GROSS REVENUES OVER $25,000,000 COMBINED GROUP C			
9				8				8				28				116			
1984		1983		1984		1983		1984		1983		1984		1983		1984		1983	
$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%
1,448.92	100.0	1,368.61	100.0	2,085.69	100.0	1,887.96	100.0	6,235.22	100.0	5,719.91	100.0	10,454.25	100.0	9,571.91	100.0	14,819.48	100.0	13,494.19	100.0
57.46	4.0	58.80	4.3	78.60	3.8	76.42	4.0	242.39	3.9	218.38	3.8	385.33	3.7	360.28	3.8	538.06	3.6	489.28	3.6
165.66	11.4	182.65	13.3	166.21	8.0	154.01	8.2	328.59	5.3	387.67	6.8	850.55	8.1	882.67	9.2	1,812.60	12.2	1,743.75	12.9
1,428.47	98.6	1,335.55	97.6	1,999.74	95.9	1,790.26	94.8	5,939.40	95.3	5,365.51	93.8	10,022.41	95.9	9,051.71	94.6	14,215.41	95.9	12,803.89	94.9
20.46	1.4	33.06	2.4	85.95	4.1	97.70	5.2	295.82	4.7	354.41	6.2	431.83	4.1	520.20	5.4	604.06	4.1	690.30	5.1
17.67	1.2	16.56	1.2	16.47	0.8	12.17	0.6	38.83	0.6	39.72	0.7	76.48	0.7	72.17	0.8	136.44	0.9	120.55	0.9
0.32	0.0	5.42-	0.4-	65.08	3.1	83.63	4.4	274.83	4.4	376.04	6.6	367.91	3.5	486.24	5.1	495.61	3.3	617.98	4.6
3.47-	0.2-	5.32	0.4	28.61	1.4	30.22	1.6	62.70	1.0	136.18	2.4	97.61	0.9	179.91	1.9	137.23	0.9	223.57	1.7
3.58	0.2	6.29-	0.5-	6.05	0.3	8.55	0.5	47.33	0.8	23.03	0.4	59.32	0.6	26.98	0.3	69.92	0.5	35.94	0.3
0.94	0.1	1.63	0.1	1.55	0.1	0.89	0.0	25.74	0.4	11.48	0.2	27.31	0.3	17.84	0.2	32.01	0.2	21.83	0.2
1.15	0.1	2.81-	0.2-	31.97	1.5	45.75	2.4	190.54	3.1	228.30	4.0	238.30	2.3	297.19	3.1	320.48	2.2	380.30	2.8
0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	9.45	0.2	2.16	0.0	9.45	0.1	2.16	0.0	11.12	0.1	2.23	0.0
1.15	0.1	2.81-	0.2-	31.97	1.5	45.75	2.4	199.98	3.2	230.46	4.0	247.75	2.4	299.35	3.1	331.60	2.2	382.53	2.8
29.32	4.3	37.81	5.8	55.37	5.8	83.29	9.6	117.60	3.7	384.12	13.1	208.91	4.1	511.54	10.9	342.77	4.9	666.72	10.6
4.77	0.7	5.37	0.8	16.86	2.0	0.42	0.0	0.43	0.0	30.18	1.0	49.93	1.0	75.22	1.6	121.65	1.7	139.57	2.2
147.04	21.8	141.07	21.8	193.37	20.4	172.26	20.0	589.91	18.3	546.67	18.6	986.91	19.4	914.43	19.5	1,394.16	20.0	1,267.87	20.1
32.87	4.9	25.16	3.9	34.88	3.7	28.94	3.4	112.68	3.5	106.08	3.6	165.70	3.6	163.91	3.5	247.98	3.6	221.76	3.5
12.37	1.8	14.59	2.3	19.95	2.1	21.10	2.4	56.01	1.7	65.25	2.2	92.32	1.8	104.89	2.2	125.88	1.8	138.88	2.2
1.57	0.2	1.14	0.2	6.54	0.7	4.54	0.5	37.96	1.2	25.86	0.9	47.26	0.9	32.22	0.7	56.97	0.8	42.94	0.7
227.94	33.8	225.14	34.8	328.97	34.7	310.54	36.0	914.59	28.4	1,158.16	39.4	1,571.02	30.8	1,802.20	38.4	2,289.40	32.8	2,477.74	39.3
680.75	100.9	673.44	104.0	1,096.76	115.8	998.34	115.6	2,936.44	91.2	2,523.73	85.9	4,879.00	95.7	4,345.79	92.6	6,618.92	94.9	5,811.51	92.2
293.67	43.5	311.71	48.1	528.11	55.8	491.00	56.9	1,347.94	41.9	1,257.54	42.8	2,238.26	43.9	2,124.00	45.3	3,064.34	43.9	2,883.42	45.8
387.09	57.4	361.73	55.9	568.65	60.0	507.34	58.8	1,588.50	49.4	1,268.19	43.1	2,640.74	51.8	2,221.79	47.3	3,554.58	51.0	2,928.09	46.5
399.65	59.2	365.98	56.5	571.89	60.4	510.91	59.2	1,599.75	49.7	1,280.44	43.6	2,667.79	52.3	2,243.86	47.8	3,593.91	51.5	2,962.10	47.0
19.26	2.9	19.75	3.1	1.38	0.1	1.44	0.2	4.88	0.2	10.24	0.3	27.96	0.5	33.77	0.7	88.19	1.3	73.81	1.2
27.88	4.1	36.56	5.6	44.87	4.7	40.43	4.7	699.25	21.7	490.10	16.7	832.48	16.3	613.57	13.1	1,004.59	14.4	787.16	12.5
674.53	100.0	647.43	100.0	947.12	100.0	863.32	100.0	3,218.47	100.0	2,938.93	100.0	5,099.26	100.0	4,693.40	100.0	6,976.08	100.0	6,300.80	100.0
1.81	0.3	2.64	0.4	2.24	0.2	3.82	0.4	25.64	0.8	18.29	0.6	35.71	0.7	46.36	1.0	116.86	1.7	88.59	1.4
0.03	0.0	0.04	0.0	1.85	0.2	0.00	0.0	13.77	0.4	0.35	0.0	18.24	0.4	0.39	0.0	32.37	0.5	14.65	0.2
63.08	9.4	52.66	8.1	68.23	7.2	67.12	7.8	234.27	7.3	244.51	8.3	379.79	7.4	380.65	8.1	569.00	8.2	564.37	9.0
13.94	2.1	15.19	2.3	24.64	2.6	23.07	2.7	103.91	3.2	75.93	2.6	149.20	2.9	118.85	2.5	199.89	2.9	161.66	2.6
4.39	0.7	8.33	1.3	7.48	0.8	11.24	1.3	76.83	2.4	91.05	3.1	100.16	2.0	110.28	2.3	125.02	1.8	138.38	2.2
17.28	2.6	17.08	2.6	16.83	1.8	13.97	1.6	37.80	1.2	37.97	1.3	73.54	1.4	71.56	1.5	180.39	2.6	145.50	2.3
71.15	10.5	77.13	11.9	115.06	12.1	101.48	11.8	403.47	12.5	383.41	13.0	612.66	12.0	579.86	12.4	766.20	11.0	716.84	11.4
171.67	25.5	173.07	26.7	236.33	25.0	220.71	25.6	895.68	27.8	851.50	29.0	1,369.29	26.9	1,307.95	27.9	1,989.74	28.5	1,830.00	29.0
69.13	10.2	80.90	12.5	73.20	7.7	53.58	6.2	208.55	6.5	122.76	4.2	372.41	7.3	277.02	5.9	448.38	6.4	342.03	5.4
100.30	14.9	68.65	10.6	111.46	11.8	94.51	10.9	218.52	6.8	245.27	8.3	454.22	8.9	431.64	9.2	797.65	11.4	698.17	11.1
169.42	25.1	149.56	23.1	184.66	19.5	148.10	17.2	427.07	13.3	368.04	12.5	826.63	16.2	708.66	15.1	1,246.02	17.9	1,040.20	16.5
117.58	17.4	85.73	13.2	128.29	13.5	108.49	12.6	256.32	8.0	283.25	9.6	527.76	10.3	503.20	10.7	978.04	14.0	843.67	13.4
14.00	2.1	11.31	1.7	17.67	1.9	15.73	1.8	153.96	4.8	135.35	4.6	188.16	3.7	164.98	3.5	214.01	3.1	188.14	3.0
32.84	4.9	34.63	5.3	77.29	8.2	71.00	8.2	174.98	5.4	144.80	4.9	296.62	5.8	259.34	5.5	359.65	5.2	319.47	5.1
387.94	57.5	368.58	56.9	515.95	54.5	455.53	52.8	1,651.68	51.3	1,499.69	51.0	2,680.70	52.6	2,440.93	52.0	3,809.43	54.6	3,377.80	53.6
286.59	42.5	278.85	43.1	431.16	45.5	407.78	47.2	1,566.79	48.7	1,439.25	49.0	2,418.55	47.4	2,252.47	48.0	3,166.65	45.4	2,922.99	46.4
456.02	67.6	428.41	66.2	615.82	65.0	555.88	64.4	1,993.86	62.0	1,807.28	61.5	3,245.18	63.6	2,981.13	63.1	4,412.68	63.3	3,963.20	62.9
674.53	100.0	647.43	100.0	947.12	100.0	863.32	100.0	3,218.47	100.0	2,938.93	100.0	5,099.26	100.0	4,693.40	100.0	6,976.08	100.0	6,300.80	100.0
1984 RATIOS		1983 RATIOS		1984 RATIOS		1983 RATIOS		1984 RATIOS		1983 RATIOS		1984 RATIOS		1983 RATIOS		1984 RATIOS		1983 RATIOS	
5.06		4.91		4.84		4.83		3.98		3.97		4.32		4.25		4.68		4.62	
3.18		3.19		3.39		3.40		3.13		3.16		3.22		3.23		3.36		3.40	
3.74		3.78		3.67		3.72		3.93		4.52		3.96		4.31		4.17		4.61	
2.13		2.03		1.90		1.89		2.12		2.27		2.14		2.20		2.24		2.32	
0.02		0.40-		3.12		4.43		4.41		6.57		3.52		5.08		3.34		4.58	
0.07		1.27-		10.57		15.04		13.78		20.81		11.34		16.42		11.23		15.59	
0.08		0.21-		1.53		2.42		3.06		3.99		2.28		3.10		2.16		2.82	
0.40		1.01-		7.42		11.22		12.16		15.86		9.85		13.19		10.12		13.01	
4.61		7.99		13.00		16.36		18.40		22.53		15.19		19.15		15.67		19.30	
99.81		98.79		96.67		95.47		95.88		94.50		96.60		95.32		96.84		95.78	
98.59		97.58		95.88		94.82		95.26		93.80		95.87		94.57		95.92		94.88	
160.99		152.07		260.71		235.99		779.40		714.99		373.37		341.85		127.75		116.33	
0.13		0.31-		4.00		5.72		23.82		28.54		8.51		10.61		2.76		3.28	
61.26		48.06		115.07		129.83		454.52		458.24		655.64		666.60		896.45		883.69	
56.26		52.07		92.64		89.83		18.91		306.65		201.72		494.25		299.66		647.74	
1.33		1.30		1.39		1.41		1.02		1.36		1.15		1.38		1.15		1.35	
14.94		14.86		17.58		19.11		1.21		21.74		7.63		20.74		7.98		19.18	
37.04		37.62		33.84		33.30		34.53		34.88		34.46		34.87		34.34		34.29	
0.41		0.31		0.30		0.27		0.16		0.20		0.22		0.22		0.31		0.29	
0.15		0.06		0.04		0.01		0.13		0.04-		0.10		0.03-		0.16		0.02	
0.44		0.33		0.30		0.27		0.16		0.20		0.22		0.23		0.32		0.30	
354.49		281.40		683.67		929.20		1,202.50		1,206.69		891.53		931.47		496.95		607.35	
52.10		56.06		89.70		119.67		177.33		161.78		124.23		132.47		91.66		104.74	
15.03		19.32		12.84		11.22		15.15		14.02		14.49		14.34		13.95		14.29	
1.35		1.30		1.32		1.24		1.01		0.88		1.09		0.99		1.12		1.00	
2.33		2.68		2.76		2.57		2.38		2.23		2.48		2.40		2.32		2.19	
3.33		3.44		4.67		5.47		6.41		5.75		5.24		5.03		2.98		3.36	
1.39		1.31		1.33		1.25		1.02		0.89		1.10		1.00		1.13		1.01	
0.40		1.01-		7.42		11.22		12.16		15.86		9.85		13.19		10.12		13.03	
3.63		3.74		3.65		3.70		3.90		4.47		3.92		4.27		4.12		4.56	
38.89		38.03		38.54		38.36		38.20		37.34		38.17		37.53		35.92		35.71	
49.42		50.42		46.51		46.51		43.47		44.12		46.15		46.57		47.75		48.22	
8.33		8.44		8.59		8.43		9.43		8.93		9.00		8.70		7.87		7.75	
35.42		36.31		37.39		37.54		38.51		39.45		38.13		38.62		40.05		40.12	
26.88		23.99		20.84		20.29		19.35		18.84		21.24		20.46		20.00		19.49	
11.65		12.78		12.41		12.20		14.29		14.23		13.15		13.30		12.87		13.02	
12,903.71		12,657.98		18,028.98		15,504.93		27,616.39		26,695.48		66,513.64		65,588.03		114,846.94		110,382.23	
404,981.17		386,762.41		769,978.09		735,515.50		2,170,072.24		2,080,614.41		3,558,833.35		3,373,907.12		5,385,155.34		4,994,150.37	

days -- an adequate level.

The Group C-2 current ratio declined from 1.38 in 1983 to 1.15 in 1984, reflecting the major drop from 1.36 to 1.02* for the longest haul carriers. The other length of haul groups appear in sound shape with 1984 current ratios ranging from 1.35 (250-500 mile haul) to 1.52 (less than 250 miles haul).

Investments/ Returns

Group C-2 carriers increased investments in carrier operating property by 12.3% in 1984, about on average with the industry, and at a faster clip than a year earlier. Within the length of haul categories, investment increases ranged from virtually none (a 1.1% increase for 250-500 mile haul carriers) to 16.4% for long haul carriers. The other two groups stepped up investments at a 10% rate.

All subgroups in C-2 had fleets less than 50% depreciated in 1983 and the increased investments resulted in lowering the fleet age further. For the group as a whole, the fleet is 46% depreciated in 1984, compared to 49% in 1983. The newest fleet within the group is for short haul firms at 41.5% depreciated; the oldest is for firms in the 500-750 mile length of haul category (48% depreciated). Fleets of these major carriers appear in about the best shape in the industry.

The strength of the investment increase resulted in the revenue yield falling slightly from $4.31 to $3.96 in 1984. This 4 to 1 yield in dollars of revenue per dollar of net operating property applies essentially to all the length of haul groups except the short haul carriers, who registered a 7 to 1 ratio in 1984. However, since the short haul carriers expend 28% of revenues on purchased transportation -- which is use of noncapitalized equipment -- this ratio is distorted. The other carrier groups by length of haul expend between 5 and 11 percent of revenues on vehicle leasing, owner operators and other intermodal service included in the purchased transportation account.

The investment increase in Group C-2 in the face of declining operating profits worked to produce a decline in return on investment. Return on investment fell for the group from 19.15% in 1983 to 15.2% in 1984. The return on investment was stronger for short haul (22.7%) and long haul carriers (18.4%), but very weak for carriers in the 250-500 mile length of haul category (4.6%) in 1984.

Leverage/ Debt Service

The changes in funded debt for the C-2 carriers amounted to a 4.8% increase overall. This, however, bore little relationship to changes within length of haul categories. Both the long haul and short haul carriers reduced funded debt levels from 1983 to 1984 -- by 9.6% for the long haul firms. Debt increased sharply for the two medium length of haul groups, by 37.1% for 250-500 mile haul carriers and 18.2% for the 500-750 mile haul group. The increase in indebtedness for the 250-500 mile haul group of $32 million in 1984 compares to an investment increase in carrier operating property of some $7 million. Thus, most of the debt increase was to offset certain liabilities and buttress other asset accounts. If future investments in operating property require additional borrowings for this group, the debt burden could escalate detrimentally. For the 500-750 mile haul group, their increase in debt was the equivalent of 20% of the increase in carrier operating property.

Funded debt to equity levels for Group C-2 were 0.22 in both 1983 and 1984, favorably low among industry groups. The long haul and short haul carriers have debt to equity levels under 0.2, with the ratios declining from 1983. Highest in this group are the firms with 250-500 mile hauls -- a 0.41 debt to equity level in 1984, up from 0.31 in 1983. This level, though, is not excessive by industry standards.

Cash throw coverage of debt is very strong, on average, for Group C-2 with the exception of the 250-500 mile haul carriers. They would require two years of dedicated cash throw to be debt free. The other groups could have debt paid off in a year or less -- especially the long haul firms who could be debt free in about 6 months.

Interest expenses for Group C-2 largely mirrored the change in debt. For the group as a whole, interest expense increased 6% (versus a 4.8% rise in debt). Interest expense, however, declined for short haul and long haul firms and rose for carriers in the medium length of haul groups. Interest as a percent of debt increased from 14.34% in 1983 to 14.49% in 1984, with a fairly similar range for the length of haul categories from 12.8% (500-750 mile haul) to 15.2% (long haul carriers).

The interest burden for this group is among the lowest in the industry, except for the 250-500 mile carrier group. For them, interest took 1.2% of 1984 revenues and 86% of net carrier operating income. In the other length of haul groupings, interest as a percent of revenues ranged between 0.5% and 0.8%, and as a percent of operating income, between 12% and 19%.

Carriers in Group C-2, in summary, remain among the soundest firms in the business, particularly the long haul and short haul carriers, despite slow business and rising expenses. They have managed by and large to make necessary investments in equipment and facilities without major debt escalation and to maintain financial strength throughout the process.

* some peculiar adjustments affecting a few carriers in this group are responsible for the severe changes. They are not indicative of conditions in this length of haul group generally.

Specialized Carriers With Revenues Greater Than $1 Million Annually

Introduction

The specialized carriers in Group D generated 44.5% of the industry revenues. Unlike the general freight segment where equipment and operations tend toward homogeneity, differing mainly by size and scope of operation, the specialized carriers are largely heterogeneous. Carriers here operate for selected classes of shippers whose freight requires specializing handling and/or specialized trailers -- refrigerated, auto racks, tank trailers and flat beds, among others. While competition permeates the trucking environment, the differing equipment requirements of many specialized segments isolates the competitive interaction to within the segment -- a high level of competition but in those cases not as widespread as for dry van-oriented freight.

The specialized carriers are also differentiated by their intense use of owner-operators for performing line-haul services. This is not universally the case as in two segments -- motor vehicle hauling and petroleum products -- owner-operator usage tends to be much lower than for other groups. But overall the owner-operator is a significant partner is the truckload hauling of specialized freight.

Specialized Carrier Results Overall in 1984

A brief summary of overall specialized carrier results contrasted to general freight carriers shows stronger business in 1984 in both tonnage and revenues. The specialized carriers also improved operating profits and net profits in contrast to general freight. Their operating ratio was fractionally worse, but net profit margin better than their general freight counterparts. Also, return on equity, at 13%, was superior to the general freight average of under 10%.

While cash throw showed virtually no gain in the general freight sector, it grew by 13% for specialized firms. Working capital declined in this sector but not nearly as severely as in general freight. Both sectors experienced a decline in current ratios, but the specialized carrier decline was less and placed them in a better liquidity position at year-end 1984.

The level of investments in 1984 for specialized carriers was slightly higher than in the general freight sector and their owned fleet declined in age. It remained older than for general freight carriers overall, but actually was only further depreciated than the fleet of the largest general freight carriers. However, specialized carriers use owner-operators at more than twice the intensity of general freight firms and thus owned equipment is not nearly as prevalent in this sector.

The specialized carriers' debt levels increased at a significant pace from 1983 to 1984, about twice the clip of general freight firms. Resultingly, their debt to equity ratio rose steeply and shows them as highly leveraged among industry groups. Cash flow coverage of debt declined, indicating a debt payoff trending toward two years.

The debt increase led to a rise in interest expenses for specialized carriers at a slightly faster rate than for general freight. Interest amounts to a high percentage of revenues and net carrier operating income relative to other carrier groups.

All in all, the increase in indebtedness is the major negative for specialized carriers vis-a-vis other groups. Their business levels, profitability and liquidity position were better than in general freight although a return to full scale financial health also remained elusive for these carriers in 1984.

In the reviews of individual groups of specialized carriers which follows, the order of review will be as they fall within the Group D data tables. Note, though, that two groups stand out as outperforming the others in 1984 -- the motor vehicle haulers and agriculturial product carriers. Two other groups underperformed -- carriers hauling heavy machinery and petroleum products. Building material haulers exhibited strong profitability, but a subpar liquidity position and extremely high debt levels kept them from among top performers.

Household Goods

Operating Performance

The household goods carriers achieved strong business growth in 1984 with tonnage and mileage increasing 13.2% and 20.3%, respectively, higher on average than all specialized carriers. These business increases produced a revenue gain of 19%. Moreover, expense increases were held in line, up 17.8%, resulting in doubling net carrier operating income and a profit hike of 41.6%. Their operating ratio declined from 98.59 in 1983 to 97.60 -- still a fairly high, thus unfavorable, ratio.

The household goods companies have substantial non-operating activity in warehousing, packing and crating and overseas operations which generally produce high levels of revenues over cost, thus adding to overall profitability. Their net profit margin was 2.95% in 1984, up from 2.48% a year earlier. Return on equity also improved nicely from 14.7% in 1983 to 18.7% in 1984. These were far better margins than achieved by specialized carriers generally.

Liquidity

The increase in profitability for household movers helped enhance cash throw which increased 35.2%. Depreciation only contributed 31 percent of the 1984 dollar amount -- favorably low among industy firms and the best among specialized firms.

However, working capital declined (as was the case overall for specialized firms) and the current ratio declined to 1.25 from 1.34 in 1983. The working capital decline also resulted in a reduction in ability to cover cash operating expenses -- down to 16 1/2 days from 20 days a year earlier. The liquidity position, although showing some year to year deterioration, remains fairly sound.

Investments/ Returns

Investments in carrier operating property increased 17% from 1983 to 1984, just slightly higher than the average increase in investments for all specialized carriers. Their fleet age declined

slightly from 51% depreciated in 1983 to 50% in 1984. The revenue yield from property investments remained virtually unchanged at 12.3 to 1, and the profitability yield almost doubled -- from a 10.5% return on investment in 1983 to 19.2% in 1984.

The household goods firms use virtually all owner-operators in performing line-haul service, with purchased transportation expenses accounting for 53% of revenues.

Leverage/ Debt Service

Funded debt in the household goods sector more than doubled between 1983 and 1984 -- a 134.4% increase. This was far in excess of changes elsewhere in financial results for them. It exceeded their change in investments in operating property by 133%. This rise resulted in a doubling of their debt to equity ratio from 0.17 in 1983 to 0.35. Even though doubled, the debt to equity ratio remains low compared to the specialized carrier average of 0.54. Cash throw coverage of debt declined from a pay-off period of under 1 year in 1983 to close to 2 years in 1984 due to the steep increase in debt levels.

Interest expense, as would be expected, also escalated appreciably in 1984 by 48%, greatly exceeding the average change for specialized carriers. Its lesser pace of growth than in funded debt caused the ratio of interest to funded debt to decline from 18.6% in 1983 to 11.7% in 1984.

Despite the large increases in debt and interest, the interest burden of household goods carriers is among the lowest in the business. Interest amounts to only 0.65% of revenues and 27% of operating income. Additional debt increases would, of course, result in a burden increase.

The household goods carriers in 1984 are in a generally favorable financial position based on a composite of measures of profitability, liquidity and debt. The debt increase, though, is of concern if it continues to increase disproportionately.

Heavy Machinery

Operating Performance

The heavy machinery haulers, despite some improvements in business levels and operating performance, are clearly having difficulty generating adequate levels of profits and achieving financial strength, although the changes in 1984 are in the right direction.

Heavy machinery haulers handled a 10.7% increase in tonnage in 1984, travelling 1.3% more miles. This increase in business provided a revenue gain of 10.2%. Their business level performance was in line with gains achieved within the specialized sector overall.

In addition, the heavy machinery haulers held expenses in line during 1984 -- a 9.8% increase compared to the 10.2% revenue gain. This led to a 47% increase in operating profits. Resultingly, their operating ratio declined from 99.07 in 1983 to 98.76. This, however, was the highest operating ratio among specialized carrier groups in 1983 and, despite the decline, remains the highest in 1984.

The positive turn in operating profits was not matched by net profits which declined 88 percent, mainly due to extremely high levels of interest expense. Income after taxes, used to calculate the profit margin, was a deficit. The small bottom line level of profits derived from extraordinary items and other unusual adjustments to income. The profit margin was a 0.09% deficit in 1984, compared to a profit margin of 0.63% in 1983. Return on equity in 1984 also was a deficit of 0.45%, compared to a 2.8% return a year earlier.

Liquidity

The liquidity position of heavy machinery haulers showed some deterioration from 1983, but remains in fairly good shape in 1984. On the one hand, cash throw declined unlike the change for specialized carriers generally. On the other hand, working capital increased very slightly, again deviating from the specialized carrier trend.

The decline in cash throw was by 23% from 1983 to 1984, and its consist was virtually entirely funds generated by depreciation charges. This is a continuation of the situation in 1983, where depreciation charges alone provided 90% of total cash throw.

The slight 1.7% increase in working captial was not up at the same pace as other assets and operating results and, thus, working capital coverage of daily cash operating expenses declined from 26 to 24 days and the current ratio slipped from 1.38 to 1.36. Both expense coverage and the current ratio remain sound compared to conditions for all specialized firms.

Investments/ Returns

Unlike virtually any other carrier group, the heavy machinery haulers disinvested in carrier operating property in 1984, with a 6% decline in carrier operating property at cost. Correspondingly, their use of purchased transportation accelerated by 13% from 1983 to 1984. In 1983, they expended 42% of revenues for purchased transportation and in 1984 it was over 43%. The disinvestment in carrier operating property resulted in an older fleet in 1984 (63% depreciated) than in 1983 (59% depreciated). It did, however, result in improved revenue and profit yields from owned equipment -- $6.30 of revenue in 1984 versus $5.13 in 1983 per dollar of net operating property, and a return on transportation investment increasing from 3.55% in 1983 to 5.64%.

Leverage/ Debt Service

The heavy machinery carriers reduced levels of funded debt in 1984 by 6%, the same magnitude as the reduction in the cost of operating property. Although equity levels declined by 3.8%, the relative changes resulted in a decline in the funded debt to equity ratio from 0.61 in 1983 to 0.59. But despite the declining debt, the more severe drop in cash throw produced a decline in cash throw debt coverage from 41 in 1983 to 34 in 1984, indicating a debt pay-off potential of close to 3 years. This is about the longest pay-off period in the industry.

Interest expense also declined for this group by a minor 0.5 percent. The lesser decline placed interest at a greater proportion of funded

debt, up to 14.4% from 13.6% in 1983. However, interest is the equivalent of 1.7% of revenues (among the highest industry revenue drains) and is a greater amount than the total operating income generated in 1984.

In summary, the debt and interest burden is a major problem in this sector and influences an otherwise sound liquidity position. It also drains the operating profitabilty of the firms, complicating the return to sound margins. A number of years of continuing improvement in operating profitability would remedy this situation if debt levels can be held in line during the interim.

Petroleum Products

Operating Performance

The petroleum product carriers achieved a 10.5% increase in revenues from 1983 to 1984 on the strength of gains of 4% in tonnage and 7% in miles operated. These were lesser increases than the average for specialized carriers but a favorable revenue increase relative to changes in physical measures of business. Operating expenses, however, increased slightly faster than revenues, growing 10.7%. Operating profits grew a minor 2.6% year to year, less than the change for all specialized firms. Net income showed more favorable growth -- an increase of almost 14%.

In ratio terms, the profitability changes were mixed. The operating ratio rose unfavorably from 97.34 in 1983 to 97.53. The net profit margin improved to 0.92% from 0.83%. Also, return on equity increased from 3.8% to 4.7%. The changes notwithstanding, the profitability of petroleum product haulers remains depressed.

Liquidity

Liquidity in the petroleum product segment showed mixed changes from 1983 to 1984. Cash throw increased 7.2%, but mainly derived from depreciation charges (87% of cash throw). Working capital, on the other hand, decreased 10.4%, leading to a decline in coverage of cash operating expenses from 20 to 16 days. This remains in line with other specialized carrier groups.

The working capital decline led to a reduction in the current ratio from 1.35 in 1983 to 1.29 in 1984. This ratio, too, is in line with other specialized groups -- slightly stronger in fact. Liquidity overall remains reasonably sound for this group.

Investments/ Returns

A minor level of investments in new property was made in 1984 by these petroleum carriers -- an increase of 5% in operating property. This was at a pace only one-third that of specialized carriers generally. It did result in a slight reduction in fleet age from 57.5% depreciated in 1983 to 57% in 1984. The higher revenue growth produced an increased yield per dollar of operating property from $3.67 to $3.81 in 1984. The profitability relative to investments, return on investment, also improved from 3.8% to 8.2%.

The petroleum product carriers made greater use of owner-operators in 1984, increasing their expenditures for purchased transportation by 15% year to year. At 24% of revenues, though, they remain among the less intense users of owner-operators among specialized carrier groups.

Leverage/ Debt Service

Funded debt was held at a low 3.6% increase in 1984, far under the rate for all specialized firms. The increase in debt, moreover, was but 16% of the increase in expenditures for carrier operating property. However, funded debt to equity levels increased from 0.66 to 0.69 due to a slight (0.4%) decline in stockholders' equity. This funded debt to equity ratio remains higher than the specialized carrier average. Cash throw coverage of debt is also unfavorably low, with a prospective two year pay-off -- virtually unchanged from a year earlier.

Despite the minor change in debt levels, interest expense grew by 15.4%, increasing as a percent of funded debt from 12.4% to 13.85%. This is in line with other specialized carrier groups. However, as a percent of revenue, 1.9%, the interest burden stands as the highest in the industry. Interest also consumes 76% of net carrier operating income, another measure of high debt-related expenses.

The petroleum product segment of specialized carriers could use some financial improvement across the board, mainly continuing increases in revenues. Reductions in relative debt and interest could also foster much of the improvements, leading to better liquidity and plugging their drain on operating profits.

Refrigerated Products

Operating Performance

Refrigerated product haulers, transporting mainly foodstuffs, represents a steady-as-you-go segment of the trucking industry, less affected by economic upturns and declines in the industrial sectors of the country. In 1984 they increased tonnage by 4.3%, mileage by 2.6% and improved revenues by 4.6%. This was lesser growth than specialized carriers overall, but generally standard growth in the refrigerated segment.

The segment experienced operating expense increases just fractionally higher than revenue growth, 4.7% versus 4.6%, leading to a slight deterioration in the operating ratio. From a 95.86 in 1983, the operating ratio rose to 96.01. Operating profits managed a 0.7% increase, and net profits, a 0.9% increase. With revenues growing faster than profits, the profit margin declined from 2.33% in 1983 to 2.20% in 1984. Return on equity also declined to 14.09% from 16.38% a year earlier. Their profit margin is on target with that of all specialized carriers; return on equity remains slightly higher.

Liquidity

Both cash throw and working capital showed percentage gains for refrigerated product carriers in 1984, cash throw by 9.6% and working capital by 1.6%. Depreciation charges comprised 62% of the 1984 cash throw level, a bit high by historic standards, but in line with the industry overall in 1984.

Carrier Group D

COMMODITY	HOUSEHOLD GOODS		HEAVY MACHINERY		PETROLEUM		REFRIGERATED PRODUCTS	
NUMBER OF CARRIERS	105		59		122		107	
YEAR	1984	1983	1984	1983	1984	1983	1984	1983

INCOME STATEMENT

	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%
INCOME & EXPENSE DATA																
GROSS REVENUES	2,757.80	100.0	2,317.79	100.0	558.13	100.0	506.61	100.0	1,701.95	100.0	1,540.30	100.0	1,230.09	100.0	1,176.55	100.0
DEPRECIATION	32.14	1.2	27.84	1.2	24.07	4.3	25.87	5.1	98.38	5.8	94.35	6.1	47.34	3.8	41.47	3.5
PURCHASED TRANSPORTATION	1,453.07	52.7	1,233.44	53.2	240.31	43.1	212.46	41.9	411.99	24.2	357.66	23.2	628.52	51.1	618.48	52.6
TOTAL OPERATING EXPENSES	2,691.59	97.6	2,285.09	98.6	551.20	98.8	501.91	99.1	1,659.89	97.5	1,499.31	97.3	1,181.05	96.0	1,127.86	95.9
NET CARRIER OPERATING INCOME	66.21	2.4	32.70	1.4	6.93	1.2	4.71	0.9	42.05	2.5	40.99	2.7	49.04	4.0	48.70	4.1
INTEREST EXPENSE	17.81	0.6	12.06	0.5	9.55	1.7	9.59	1.9	31.86	1.9	27.60	1.8	20.96	1.7	14.97	1.3
NET INCOME BEFORE TAXES	121.75	4.4	88.87	3.8	2.33	0.4	0.34-	0.1-	22.62	1.3	20.80	1.4	37.95	3.1	39.57	3.4
INCOME TAXES-CURRENT	50.73	1.8	40.41	1.7	4.15	0.7	3.52-	0.7-	7.48	0.4	9.25	0.6	9.51	0.8	11.90	1.0
DEFERRED INCOME TAXES	0.42	0.0	0.17	0.0	1.06-	0.2-	0.25	0.1	0.69	0.0	0.41-	0.0	1.26	0.1	0.50	0.0
OTHER ADJUSTMENTS TO INCOME	10.71	0.4	9.21	0.4	0.26	0.0	0.27	0.1	1.14	0.1	0.81	0.1	0.17-	0.0	0.19	0.0
INCOME BEFORE EXTRA ITEMS	81.32	2.9	57.50	2.5	0.50-	0.1-	3.20	0.6	15.59	0.9	12.76	0.8	27.02	2.2	27.36	2.3
EXTRAORDINARY ITEMS	0.05	0.0	0.04-	0.0	0.87	0.2	0.03-	0.0	0.15-	0.0	0.79	0.1	0.52	0.0	0.09-	0.0
NET INCOME AFTER TAXES	81.37	3.0	57.46	2.5	0.37	0.1	3.17	0.6	15.44	0.9	13.56	0.9	27.54	2.2	27.28	2.3

BALANCE SHEET

ASSETS																
CASH	35.73	3.1	38.59	4.5	28.12	11.2	22.69	8.9	68.65	8.3	72.86	9.2	33.76	6.2	28.81	6.4
RECEIVABLES FROM AFFILIATES	50.39	4.4	44.56	5.2	8.45	3.4	6.11	2.4	26.75	3.2	25.34	3.2	36.45	6.7	25.91	5.8
NOTES & ACCOUNTS RECEIVABLE	410.23	36.0	354.12	41.4	78.95	31.5	81.22	32.0	152.65	18.4	147.19	18.6	108.81	20.1	103.10	23.1
PREPAID EXPENSES	39.35	3.5	21.45	2.5	7.16	2.9	6.87	2.7	33.63	4.1	29.96	3.8	19.11	3.5	17.10	3.8
MATERIALS & SUPPLIES	15.52	1.4	6.50	0.8	3.40	1.4	5.88	2.3	18.82	2.3	21.24	2.7	11.22	2.1	11.36	2.5
OTHER CURRENT ASSETS	49.30	4.3	19.81	2.3	3.28	1.3	0.58	0.2	3.02	0.4	1.85	0.2	1.01	0.2	1.06	0.2
TOTAL CURRENT ASSETS	600.52	52.7	485.04	56.7	129.37	51.6	123.34	48.6	303.52	36.6	298.43	37.7	210.35	38.9	187.33	41.9
CARRIER OPERATING PROPERTY	448.03	39.3	382.88	44.8	237.38	94.7	242.52	95.6	1,039.63	125.5	989.58	124.9	445.25	82.4	378.52	84.7
RESERVE FOR DEPRECIATION	224.00	19.7	195.88	22.9	148.83	59.4	143.81	56.7	592.47	71.5	569.60	71.9	196.35	36.3	183.32	41.0
CARRIER OPERATING PROPERTY NET	224.03	19.7	187.00	21.9	88.54	35.3	98.71	38.9	447.15	54.0	419.98	53.0	248.90	46.1	195.21	43.7
TOTAL TANGIBLE PROPERTY	248.70	21.8	205.35	24.0	101.34	40.4	111.87	44.1	456.57	55.1	425.64	53.7	260.36	48.2	208.09	46.6
INTANGIBLES	51.48	4.5	12.85	1.5	0.90	0.4	0.89	0.4	4.78	0.6	4.76	0.6	4.30	0.8	2.28	0.5
OTHER ASSETS	238.47	20.9	151.50	17.7	19.04	7.6	17.65	7.0	63.63	7.7	63.58	8.0	65.19	12.1	49.05	11.0
TOTAL ASSETS	1,139.17	100.0	854.74	100.0	250.65	100.0	253.76	100.0	828.50	100.0	792.42	100.0	540.20	100.0	446.75	100.0
LIABILITIES & EQUITY																
PAYABLES TO AFFILIATES	52.86	4.6	44.78	5.2	3.22	1.3	5.81	2.3	12.56	1.5	10.06	1.3	16.51	3.1	7.69	1.7
NOTES PAYABLE	37.00	3.2	14.51	1.7	4.06	1.6	2.92	1.2	8.24	1.0	5.35	0.7	15.99	3.0	13.76	3.1
ACCOUNTS PAYABLE	192.13	16.9	177.89	20.8	33.42	13.3	29.88	11.8	75.77	9.1	78.49	9.9	53.15	9.8	56.11	12.6
MISC PAYABLES & ACCRUALS	12.30	1.1	9.71	1.1	5.81	2.3	5.13	2.0	16.90	2.0	17.12	2.2	6.21	1.2	5.60	1.3
TAXES PAYABLE	30.23	2.7	18.96	2.2	3.54	1.4	1.20	0.5	11.21	1.4	7.92	1.0	9.88	1.8	10.60	2.4
FUNDED DEBT DUE WITHIN ONE YEAR	64.29	5.6	12.07	1.4	32.94	13.1	33.09	13.0	56.62	6.8	54.29	6.9	37.36	6.9	26.26	5.9
OTHER CURRENT LIABILITIES	91.62	8.0	83.65	9.8	12.00	4.8	11.54	4.5	53.17	6.4	48.12	6.1	16.76	3.1	13.66	3.1
TOTAL CURRENT LIABILITIES	480.43	42.2	361.57	42.3	94.99	37.9	89.56	35.3	234.46	28.3	221.37	27.9	155.87	28.9	133.68	29.9
ADVANCES PAYABLE	87.40	7.7	23.77	2.8	1.49	0.6	0.96	0.4	37.33	4.5	23.79	3.0	38.09	7.1	19.65	4.4
FUNDED DEBT DUE AFTER ONE YEAR	87.65	7.7	52.73	6.2	33.28	13.3	37.34	14.7	173.33	20.9	167.48	21.1	133.78	24.8	105.01	23.5
TOTAL LONG TERM DEBT	175.06	15.4	76.50	8.9	34.77	13.9	38.30	15.1	210.65	25.4	191.27	24.1	171.87	31.8	124.66	27.9
TOTAL FUNDED DEBT	151.94	13.3	64.80	7.6	66.22	26.4	70.43	27.8	229.95	27.8	221.77	28.0	171.14	31.7	131.27	29.4
RESERVES & EST LIABILITIES	10.73	0.9	8.57	1.0	1.64	0.7	2.17	0.9	10.44	1.3	6.84	0.9	8.35	1.5	9.78	2.2
ACCUM DEFERRED TAX CREDITS	38.00	3.3	17.34	2.0	7.92	3.2	8.05	3.2	38.25	4.6	36.87	4.7	12.41	2.3	11.61	2.6
TOTAL LIABILITIES	704.21	61.8	464.08	54.3	139.33	55.6	138.07	54.4	493.80	59.6	456.35	57.6	348.50	64.5	279.73	62.6
STOCKHOLDER'S EQUITY	434.96	38.2	390.66	45.7	111.32	44.4	115.69	45.6	334.70	40.4	336.07	42.4	191.70	35.5	167.02	37.4
TOTAL CAPITAL	610.02	53.5	467.15	54.7	146.09	58.3	153.99	60.7	545.35	65.8	527.34	66.5	363.57	67.3	291.68	65.3
TOTAL LIABILITIES & EQUITY	1,139.17	100.0	854.74	100.0	250.65	100.0	253.76	100.0	828.50	100.0	792.42	100.0	540.20	100.0	446.75	100.0

ANALYTICAL DATA

	1984 RATIOS	1983 RATIOS	1984 RATIOS	1983 RATIOS	1984 RATIOS	1983 RATIOS	1984 RATIOS	1983 RATIOS
OPERATING PERFORMANCE								
GROSS REVENUES TO EQUITY	6.34	5.93	5.01	4.38	5.09	4.58	6.42	7.04
GROSS REVENUES TO TOTAL CAPITAL	4.52	4.96	3.82	3.29	3.12	2.92	3.38	4.03
GROSS REVENUES TO NET CARR OPER PROP	12.31	12.39	6.30	5.13	3.81	3.87	4.94	6.03
GROSS REVENUES TO CARR OPER PROP (COST)	6.16	6.05	2.35	2.09	1.64	1.56	2.76	3.11
PRE-TAX INCOME TO GROSS REVENUES %	4.41	3.83	0.42	0.07-	1.33	1.35	3.09	3.36
PRE-TAX INCOME TO TOTAL CAPITAL, %	19.96	19.02	1.59	0.22-	4.15	3.94	10.44	13.57
AFTER TAX INCOME TO GROSS REVENUES %	2.95	2.48	0.09-	0.63	0.92	0.83	2.20	2.33
AFTER TAX INCOME TO EQUITY, %	18.70	14.72	0.45-	2.77	4.66	3.80	14.09	16.38
RETURN ON TRANSPORTATION INVESTMENT, %	19.24	10.53	5.64	3.55	8.15	8.25	16.16	19.57
EXPENSE RATIO %	98.25	99.11	100.47	100.96	99.40	99.13	97.72	97.13
OPERATING RATIO %	97.60	98.59	98.76	99.07	97.53	97.34	96.01	95.86
AVERAGE REVENUE PER CARRIER	26.26	22.07	9.46	8.59	13.95	12.63	11.50	11.00
NET INCOME PER CARRIER	0.77	0.55	0.01-	0.05	0.13	0.10	0.25	0.26
LIQUIDITY								
CASH THROW OFF, DOLLARS	103.16	76.30	22.25	29.06	113.53	105.90	75.79	69.15
WORKING CAPITAL, DOLLARS	120.09	123.47	34.38	33.79	69.06	77.07	54.48	53.65
CURRENT RATIO	1.25	1.34	1.36	1.38	1.29	1.35	1.35	1.40
DAYS CASH OPER EXP IN WORK CAP	16.47	19.95	23.68	25.78	15.99	19.88	17.42	17.95
AVERAGE DAYS COLLECTION PERIOD	54.29	55.77	51.63	58.52	32.74	34.88	32.29	31.98
LEVERAGE & DEBT SERVICE								
FUNDED DEBT TO EQUITY	0.35	0.17	0.59	0.61	0.69	0.66	0.89	0.79
NET DEBT TO EQUITY	0.07-	0.18-	0.01-	0.03	0.31	0.27	0.41	0.31
FUNDED DEBT TO TANGIBLE NET WORTH	0.40	0.17	0.60	0.61	0.70	0.67	0.91	0.80
CASH THROW TO FUNDED DEBT DUE IN ONE YR %	160.47	632.06	67.54	87.82	200.50	195.04	202.85	263.28
CASH THROW TO TOTAL FUNDED DEBT %	67.89	117.74	33.60	41.26	49.37	47.75	44.28	52.67
INTEREST TO TOTAL FUNDED DEBT %	11.72	18.60	14.41	13.62	13.85	12.44	12.25	11.40
CARRIER PROPERTY (NET) TO EQUITY	0.52	0.48	0.80	0.85	1.34	1.25	1.30	1.17
ADDITIONAL RATIOS								
RECEIVABLES TO PAYABLES	1.79	1.84	2.11	2.48	1.82	1.76	1.57	1.48
DEPREC TO DEBT DUE IN ONE YEAR	0.50	2.31	0.73	0.78	1.74	1.74	1.27	1.58
TOTAL TANG PROP TO EQUITY	0.57	0.53	0.91	0.97	1.36	1.27	1.36	1.25
INCOME BEFORE EXTRA ITEMS ETC TO EQUITY %	18.69	14.72	0.45-	2.77	4.66	3.80	14.09	16.38
GROSS REVENUES TO TOTAL TANG PROP	11.09	11.29	5.51	4.53	3.73	3.62	4.72	5.65
PRODUCTIVITY MEASURES (INT-CTY CARR ONLY)								
TOTAL PAYROLL TO REVENUES %	13.46	12.85	13.41	13.96	24.36	25.39	11.60	12.11
TOTAL PAYROLL (WPT) TO REVENUES %	68.70	68.78	60.65	59.89	47.75	47.95	62.24	63.82
CARGO HANDLER COMPEN TO REVENUES %	12.70	12.12	0.04	0.04	0.10	0.12	0.52	0.48
LINEHAUL EXPENSES TO REVENUES %	61.45	62.53	80.83	80.93	82.12	81.91	80.93	81.28
REVENUE PER TON-MILE, CENTS	50.98	47.97	10.25	10.23	10.94	10.42	6.82	6.65
AVERAGE LOAD, TONS	4.12	4.40	12.88	12.04	13.56	13.76	16.53	16.34
TOTAL TONS, THOUS	3,614.15	3,191.67	6,137.36	5,546.62	106,572.90	102,291.34	17,770.39	17,041.36
TOTAL MILES, THOUS	934,313.16	776,954.18	265,123.21	261,671.82	920,932.21	861,522.88	799,000.14	778,683.24

AGRICULTURAL PRODUCTS 69				MOTOR VEHICLES 28				BUILDING MATERIALS 98				OTHER SPECIAL COMMODITIES 544				TOTAL SPECIAL COMMODITIES 1132			
1984		1983		1984		1983		1984		1983		1984		1983		1984		1983	
$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%	$ IN MIL	%
370.67	100.0	347.40	100.0	1,783.73	100.0	1,413.49	100.0	979.55	100.0	844.59	100.0	5,383.40	100.0	4,808.18	100.0	14,765.31	100.0	12,954.92	100.0
17.99	4.9	17.30	5.0	72.72	4.1	63.26	4.5	47.19	4.8	39.96	4.7	224.84	4.2	206.25	4.3	564.67	3.8	516.29	4.0
125.79	33.9	119.45	34.4	193.18	10.8	158.51	11.2	345.42	35.3	299.76	35.5	1,921.07	35.7	1,724.58	35.9	5,319.34	36.0	4,724.34	36.5
357.65	96.5	336.82	97.0	1,681.27	94.3	1,342.72	95.0	925.78	94.5	798.41	94.5	5,208.54	96.8	4,649.85	96.7	14,256.98	96.6	12,541.96	96.8
13.02	3.5	10.58	3.0	102.45	5.7	70.76	5.0	53.77	5.5	46.18	5.5	174.86	3.2	158.33	3.3	508.33	3.4	412.96	3.2
4.40	1.2	3.78	1.1	9.53	0.5	8.51	0.6	17.29	1.8	14.46	1.7	69.18	1.3	60.69	1.3	180.58	1.2	151.66	1.2
10.38	2.8	9.69	2.8	93.02	5.2	69.00	4.9	42.15	4.3	36.87	4.4	149.39	2.8	131.60	2.7	479.61	3.2	396.07	3.1
1.32	0.4	2.22	0.6	24.45	1.4	15.71	1.1	10.26	1.0	5.71	0.7	36.86	0.7	37.39	0.8	144.75	1.0	119.07	0.9
0.53	0.1	0.30	0.1	13.25	0.7	10.97	0.8	0.72	0.1	1.16	0.1	5.44	0.1	1.99	0.0	21.25	0.1	14.94	0.1
0.05-	0.0	0.16-	0.0	0.28	0.0	0.35	0.0	0.65	0.1	0.90	0.1	2.94	0.1	2.27	0.0	15.77	0.1	13.85	0.1
8.49	2.3	7.00	2.0	55.60	3.1	42.68	3.0	31.83	3.2	30.90	3.7	110.04	2.0	94.49	2.0	329.38	2.2	275.90	2.1
0.03-	0.0	0.03-	0.0	0.34	0.0	0.01-	0.0	0.02-	0.0	0.03	0.0	3.78	0.1	5.69	0.1	5.36	0.0	6.33	0.0
8.45	2.3	6.97	2.0	55.95	3.1	42.67	3.0	31.80	3.2	30.93	3.7	113.82	2.1	100.19	2.1	334.74	2.3	282.23	2.2
12.01	8.9	11.99	9.9	34.28	5.2	45.53	9.0	49.35	11.3	42.25	11.7	204.59	9.3	191.98	10.0	466.49	7.5	454.69	8.6
2.99	2.2	3.03	2.5	60.00	9.1	44.75	8.8	9.73	2.2	8.27	2.3	123.08	5.6	115.66	6.0	317.83	5.1	273.83	5.2
27.81	20.6	27.00	22.3	105.41	15.9	104.60	20.6	76.11	17.4	64.83	18.0	490.50	22.4	453.66	23.6	1,450.46	23.5	1,335.73	25.4
4.20	3.1	3.94	3.2	20.92	3.2	15.58	3.1	18.62	4.2	13.13	3.6	78.57	3.5	63.73	3.3	219.55	3.6	171.75	3.3
2.69	2.0	2.24	1.9	13.34	2.0	12.82	2.5	10.00	2.3	10.08	2.8	39.59	1.8	40.17	2.1	114.59	1.9	110.28	2.1
0.42	0.3	0.44	0.4	0.56	0.1	0.26	0.1	1.33	0.3	0.61	0.2	20.38	0.9	15.14	0.8	79.31	1.3	39.75	0.8
50.13	37.2	48.64	40.1	234.51	35.4	223.53	44.0	165.14	37.7	139.14	38.7	854.70	43.6	880.36	45.7	2,648.23	42.8	2,385.83	45.3
167.83	124.5	146.79	121.1	783.16	118.2	613.34	120.9	445.43	101.6	368.00	102.3	2,180.61	99.6	1,900.42	98.7	5,747.31	93.0	5,022.05	95.4
88.49	65.6	79.72	65.7	418.45	63.1	354.91	69.9	214.96	49.1	190.52	53.0	1,149.23	52.5	1,056.30	54.8	3,032.79	49.1	2,774.05	52.7
79.34	58.9	67.07	55.3	364.71	55.0	258.43	50.9	230.47	52.6	177.48	49.3	1,031.37	47.1	844.12	43.8	2,714.53	43.9	2,248.00	42.7
80.84	60.0	68.52	56.5	366.38	55.3	260.07	51.2	236.83	54.0	184.19	51.2	1,098.37	49.7	901.21	46.8	2,839.41	45.9	2,364.93	44.9
0.67	0.5	0.76	0.6	13.34	2.0	1.29	0.3	2.87	0.7	2.89	0.7	17.36	0.8	17.28	0.9	95.70	1.5	42.79	0.8
3.15	2.3	3.33	2.7	48.55	7.3	22.60	4.5	33.36	7.6	33.70	9.4	128.24	5.9	127.44	6.6	599.63	9.7	468.85	8.9
134.79	100.0	121.25	100.0	662.79	100.0	507.48	100.0	438.21	100.0	359.72	100.0	2,188.66	100.0	1,926.29	100.0	6,182.97	100.0	5,262.40	100.0
3.43	2.5	4.17	3.4	51.33	7.7	46.11	9.1	24.52	5.6	16.80	4.7	115.94	5.3	95.48	5.0	280.38	4.5	230.91	4.4
5.49	4.1	5.45	4.5	30.66	4.6	1.45	0.3	13.04	3.0	9.43	2.6	66.56	3.0	58.52	3.0	181.04	2.9	111.40	2.1
12.39	9.2	14.05	11.6	78.75	11.9	65.62	12.9	37.14	8.5	34.23	9.5	221.08	10.1	216.73	11.3	703.83	11.4	673.00	12.8
1.90	1.4	2.92	2.4	16.88	2.5	12.65	2.5	6.47	1.5	6.13	1.7	39.80	1.8	41.64	2.2	106.27	1.7	100.90	1.9
1.80	1.4	1.93	1.6	20.63	3.1	15.29	3.0	8.99	2.1	6.19	1.7	26.85	1.2	28.12	1.5	113.21	1.8	90.21	1.7
9.57	7.1	8.24	6.8	14.17	2.1	14.88	2.9	40.76	9.3	35.87	10.0	132.97	6.1	105.71	5.5	388.68	6.3	290.42	5.5
1.61	1.2	1.41	1.2	69.85	10.5	60.62	11.9	12.40	2.8	10.18	2.8	88.86	4.1	87.88	4.6	346.25	5.6	317.06	6.0
36.27	26.9	38.18	31.5	282.27	42.6	216.63	42.7	143.31	32.7	118.84	33.0	692.06	31.6	634.09	32.9	2,119.66	34.3	1,813.90	34.5
1.92	1.4	1.07	0.9	10.82	1.6	14.14	2.8	10.12	2.3	12.44	3.5	72.15	3.3	55.74	2.9	259.31	4.2	151.57	2.9
23.12	17.2	15.41	12.7	34.29	5.2	28.35	5.6	114.08	26.0	81.91	22.8	385.72	17.6	282.26	14.7	985.24	15.9	770.49	14.6
25.04	18.6	16.48	13.6	45.10	6.8	42.49	8.4	124.19	28.3	94.35	26.2	457.87	20.9	338.00	17.5	1,244.55	20.1	922.05	17.5
32.70	24.3	23.65	19.5	48.45	7.3	43.23	8.5	154.83	35.3	117.78	32.7	518.69	23.7	387.97	20.1	1,373.92	22.2	1,060.91	20.2
1.38	1.0	1.02	0.8	3.87	0.6	3.55	0.7	4.39	1.0	4.32	1.2	14.30	0.7	14.36	0.7	55.10	0.9	50.70	1.0
2.28	1.7	2.17	1.8	59.76	9.0	37.16	7.3	9.08	2.1	6.93	1.9	60.92	2.8	52.20	2.7	228.61	3.7	172.32	3.3
64.96	48.2	57.84	47.7	391.01	59.0	299.83	59.1	280.97	64.1	224.44	62.4	1,225.14	56.0	1,038.64	53.9	3,647.93	59.0	2,958.98	56.2
69.83	51.8	63.41	52.3	271.78	41.0	207.65	40.9	157.24	35.9	135.29	37.6	963.52	44.0	887.64	46.1	2,535.04	41.0	2,303.42	43.8
94.87	70.4	79.89	65.9	316.88	47.8	250.14	49.3	281.43	64.2	229.64	63.8	1,421.39	64.9	1,225.64	63.6	3,779.60	61.1	3,225.48	61.3
134.79	100.0	121.25	100.0	662.79	100.0	507.48	100.0	438.21	100.0	359.72	100.0	2,188.66	100.0	1,926.29	100.0	6,182.97	100.0	5,262.40	100.0
1984 RATIOS		1983 RATIOS		1984 RATIOS		1983 RATIOS		1984 RATIOS		1983 RATIOS		1984 RATIOS		1983 RATIOS		1984 RATIOS		1983 RATIOS	
5.31		5.48		6.56		6.81		6.23		6.24		5.59		5.42		5.82		5.62	
3.91		4.35		5.63		5.65		3.48		3.68		3.79		3.92		3.91		4.02	
4.67		5.18		4.89		5.47		4.25		4.76		5.22		5.70		5.44		5.76	
2.21		2.37		2.28		2.30		2.20		2.30		2.47		2.53		2.57		2.58	
2.80		2.79		5.22		4.88		4.30		4.37		2.78		2.74		3.25		3.06	
10.95		12.13		29.36		27.59		14.98		16.06		10.51		10.74		12.69		12.28	
2.29		2.02		3.12		3.02		3.25		3.66		2.04		1.97		2.23		2.13	
12.15		11.04		20.46		20.55		20.24		22.84		11.42		10.65		12.99		11.98	
13.97		13.65		32.32		26.67		21.31		23.35		13.51		14.52		15.67		14.64	
97.67		98.04		94.79		95.60		96.26		96.24		98.04		97.97		97.78		97.98	
96.49		96.95		94.26		94.99		94.51		94.53		96.75		96.71		96.56		96.81	
5.37		5.03		63.70		50.48		10.00		8.62		9.90		8.84		13.04		11.44	
0.12		0.10		1.99		1.52		0.32		0.32		0.20		0.17		0.29		0.24	
27.06		24.77		141.29		116.55		79.09		71.12		337.37		300.45		899.53		793.29	
13.86		10.46		47.76-		6.91		21.83		20.31		262.64		248.28		528.57		571.93	
1.38		1.27		0.83		1.03		1.15		1.17		1.38		1.39		1.25		1.32	
14.76		11.89		10.83-		1.97		9.00		9.70		19.12		20.14		14.02		17.29	
27.39		28.36		21.57		27.01		28.36		28.02		33.28		34.44		35.86		37.63	
0.47		0.37		0.18		0.21		0.98		0.87		0.54		0.44		0.54		0.46	
0.13		0.08		0.30		0.10		0.59		0.46		0.13		0.04		0.18		0.09	
0.47		0.38		0.19		0.21		1.00		0.89		0.55		0.45		0.56		0.47	
282.63		300.70		997.17		783.22		194.04		198.25		253.72		284.22		231.43		273.15	
82.76		104.75		291.60		269.61		51.08		60.38		65.04		77.44		65.47		74.77	
13.46		16.00		19.86		19.89		11.17		12.28		13.34		15.64		13.14		14.30	
1.14		1.06		1.34		1.24		1.47		1.31		1.07		0.95		1.07		0.98	
1.56		1.38		0.96		1.56		1.52		1.48		1.71		1.65		1.64		1.70	
1.68		2.10		5.13		4.25		1.16		1.11		1.69		1.95		1.45		1.78	
1.16		1.08		1.35		1.25		1.51		1.36		1.13		1.02		1.12		1.03	
12.15		11.04		20.46		20.55		20.24		22.84		11.42		10.64		12.99		11.98	
4.59		5.07		4.87		5.44		4.14		4.59		4.95		5.34		5.20		5.48	
18.10		18.27		32.67		33.72		16.78		16.88		18.32		18.71		19.21		19.39	
55.80		56.10		42.62		44.06		53.18		53.71		54.84		55.11		55.81		56.35	
0.06		0.05		0.96		0.39		0.17		0.15		0.28		0.33		2.84		2.57	
85.77		86.91		75.49		78.91		81.83		82.51		79.79		80.50		76.19		77.12	
6.76		7.19		25.21		24.78		7.12		6.90		9.10		9.02		11.38		10.96	
17.07		15.81		7.28		7.15		15.47		15.72		13.73		13.36		12.40		12.39	
8,300.06		7,764.84		24,540.75		19,285.18		33,185.30		29,335.57		153,607.36		137,409.28		353,728.26		321,865.85	
219,534.31		204,671.30		814,094.67		685,747.61		709,808.49		619,394.98		3,169,628.21		2,896,663.37		7,832,434.39		7,065,309.35	

The working capital gain was minor, but was an increase in an environment of decline. With operating expenses rising faster, working capital coverage of cash operating expenses declined slightly, from 18 days to 17.4 -- better though than average among the group, and a lesser decline than overall.

The current ratio dropped from 1.40 in 1983 to 1.35 in 1984. This ratio, however, also remains superior to the all specialized carrier total.

Investments/ Returns

Investments in carrier operating property were boosted by 17.6% in 1984, a somewhat faster pace than the specialized carrier average. Fleet age, already the newest of specialized groups, declined further to only 44% depreciated in 1984 -- compared to 53% for the all specialized firms. The higher rate of investment relative to revenue growth produced a decline in per dollar yield from $6.03 in 1983 to $4.94 in 1984. Also declining was the profit yield as return on investment fell from 19.6% to 16.2%.

Refrigerated product haulers, like household goods firms, are extensive users of owner-operators, expending a majority of revenues for this purpose. Purchased transportation expenditures increased only 1.6% for 1984, slightly reducing its proportion of revenues from 52.6% in 1983 to 51.1%.

Leverage/ Debt Service

Relative to other financial changes from 1983 to 1984, the level of funded debt escalated rapidly for refrigerated carriers -- by 30.3%. This outpaced overall growth in total footings, which increased 20%. The debt increase provided about 60% of the increased dollars invested in operating property -- a slightly higher proportion than shown by most specialized carrier groups.

Funded debt to equity levels, already high in this segment, showed a strong jump in 1984 despite a 15% rise in equity levels. The disproportionate debt increase caused the debt to equity ratio to rise to 0.89 from 0.79 a year earlier. At this level, with current cash throw, a debt pay-off would be over two years, compared to less than two years in 1983.

Interest expenses also grew rapidly, by 40% from 1983 to 1984. Interest remains a relatively low proportion of debt at 12.25%, but is a sizeable drain on revenues (1.7%) and operating income (42.7%).

All in all, the refrigerated product haulers retain fairly good financial strength. The rising debt levels could disrupt this position but with a reasonably new fleet, pressures for debt escalation are not strong.

Agricultural Products

Operating Performance

Agricultural product haulers generated a 6.7% increase in revenues in 1984, registering a 7.3% increase in mileage and hauling 6.9% more tonnage. Revenue growth came in at about half the specialized carrier average but slightly higher than their food hauling counterparts in the refrigerated product segment.

The business and revenue improvements translated into increased profits as expense increases were held to 6.2%. Operating profits grew by 23% and net profits by 21.3%. These gains essentially matched the average performance of specialized firms, with net profits up slightly higher. Their operating ratio declined from 96.95 in 1983 to 96.49 and the net profit margin reached a 2.29% level from 2.02% a year earlier. Return on equity also grew by 1 point from 11.04% to 12.15%. These margins were also on target with average specialized carrier performance.

Liquidity

The agricultural product haulers showed outright improvements in liquidity in 1984, increasing both cash throw (by 9.2%) and working capital (up 32.5%). The working capital improvement was the highest gain among specialized carrier groups and contrasted with an overall working capital decline for Group D. The cash throw increase was slightly less than the overall average but exceeded growth in numerous financial measures in the segment such as revenue changes. Depreciation charges constituted two-thirds of their 1984 level of cash throw, about average for the specialized group.

The segment's current ratio showed a nice gain from 1.27 in 1983 to 1.38 in 1984 -- the only segment of specialized carriers to register a current ratio improvement in 1984. The 1.38 level compares favorably to 1.25 for all specialized firms. Coverage of daily operating expenses by working capital also improved -- from 11.9 days to 14.8. Again, this was the only segment of Group D showing a year to year gain in this measure.

Investments/ Returns

The agricultural carriers' fleet age declined between 1983 and 1984 from 54.3% depreciated to 52.7% as the segment increased investments in carrier operating property by 14.3%. This investment increase, a higher level of growth than revenues, reduced the per dollar revenue yield from $5.18 in 1983 to $4.67 in 1984. On the other hand, the faster growth in profits produced an improving return on investment to 14% from 13.6%.

Owner-operator usage is prevalent in this sector, but not as great as in refrigerated product hauling. In this agricultural product sector, one-third of revenues are expended on purchased transportation. Between 1983 and 1984, this revenue proportion declined from 34.4% to 33.9% -- a trend mirrored by the average specialized carrier.

Leverage/ Debt Service

Funded debt levels of agricultural product haulers escalated at a rapid 38 percent pace in 1984 -- second highest among the specialized carrier groups. This increase in debt provided the equivalent of 43 percent of the additional dollars invested in carrier operating property. The funded debt to equity ratio jumped from 0.37 in 1983 to 0.47 in 1984, but remains lower than the Group D average.

Cash throw coverage of debt declined due to the steeper increase in borrowing. Coverage fell from a 105 ratio in 1983 (a one year prospective debt payoff) to 83 in 1983. This still indicates superior debt coverage than the average specialized firm.

Interest expenses grew by 16.3 percent -- a pace half the gain in debt. This indicates that most of the debt increase was incurred during the latter part of the year. The relative changes in debt and interest resulted in a year-end decline in the proportion of interest to debt -- from 16% in 1983 to 13.5%. Interest in 1984 took 1.2 percent of revenues and 34% of operating income, not out of line with overall (Group D) results.

All in all, the agricultural product group registered a high degree of improvement in most facets of business, and despite a rapid increase in debt, the level remains low. Based on these results, this group materializes as among the industry's better performers in 1984.

Motor Vehicle Haulers

Operating Performance

As was the case in 1983, the motor vehicle haulers continued to register significant growth in 1984 and healthy improvements in profits. Tonnage increased 27.3%, three time better than the Group D average and twice as great as any individual segment. Mileage grew commensurately, by 22.3%. These increases produced a revenue gain of 26.2%, again leading the specialized carrier groups, and, in fact, the highest gain in the industry in 1984.

Operating profits of motor vehicle haulers jumped 45% as expense increases were kept under revenue changes. Their operating ratio improved as a result, falling to 94.26 from 94.99. This level in 1984 was the industry's second best operating ratio. Net profits increased 31% and the profit margin improved to 3.12% (fourth best in the industry) from 3.02% a year earlier. Return on equity was also second best in the industry at 20.46%. However, this marked a fractional decline from 1983 due to even higher gains in stockholders' equity.

Liquidity

Liquidity, however, remains a problem in this segment in 1984, especially in the areas of working capital and the currect ratio. Working capital not only declined from 1983 to 1984, but was negative in 1984. It thus provides no coverage of daily cash operating expenses. The current ratio, already a thin 1.03 in 1983, fell to 0.83 in 1984.

Cash throw, on the other hand, increased for the motor vehicle haulers, reflecting improved profits as well as increased depreciation charges.

Investments/ Returns

The motor vehicle haulers are somewhat unique among specialized carriers, making minimal use of owner-operator transportation services. Labor in this sector, in fact, is highly organized. The proportion of revenues spent on purchased transportation was 10.8% in 1984, down from 11.2% in 1983. Thus, most all equipment is owned.

Investments in carrier operating property accelerated by 28% in 1984 -- twice the Group D average increase, but in line with financial changes in the segment. Fleet age declined from 58% depreciated to 53.4%.

The revenue yield fell slightly from property investments from $5.47 to $4.89, but the profit generated (return on investment) grew nicely -- from 26.7% to 32.3%. This 1984 return on investment was the industry's best.

Leverage/ Debt Service

The increase in investment was accomplished with virtually no added strain on debt levels. Funded debt increased year to year by 12%. However, this dollar increase was only 3% of the increased money invested in equipment.

Motor vehicle haulers' debt to equity ratios, already among the industry's lowest in 1983 at 0.21, declined further in 1984 to 0.18 -- third lowest among all groups in this analysis. At this level, all debt could be paid off by cash throw in a matter of months. The cash throw coverage of debt ratio, at 291.6 in 1984, is the best in the industry.

Interest expenses grew in line with debt changes, increasing 11.9%. Interest amounts to almost 20% of the debt level, unchanged from 1983. It is very manageable, the equivalent of 0.57% of revenues and only 9.3% of operating profits.

In sum, this segment has performed extremely well in the last few years. On a composite of measures, the motor vehicle haulers are the industry's most profitable and least leveraged group. At present, the only negative is liquidity, which should take care of itself if business gains continue.

Building Materials

Operating Performance

Relatively strong business increases in the building materials sector in 1984 led to a 16% gain in revenues from 1983. Tonnage increased 13.1% and miles travelled grew 14.6%. These changes exceeded the average for specialized carriers by a small degree.

Profitability in the sector was essentially maintained at 1983 levels due to expense increases matching revenue growth. Thus, this group retains its standing as one of the industry's most profitable. With both revenues and expenses increasing 16% year to year, operating profit also grew 16.4% and the operating ratio remained at 94.5. Net profits, however, did not keep pace, increasing a lesser 2.8%. The profit margin dipped somewhat from 3.66% in 1983 to 3.25%. Return on equity also declined modestly from 22.84% to 20.24%. In these three measures -- operating ratio, net profit margin and return on equity -- the building material haulers achieved third best results within the industry in 1984.

Liquidity

Liquidity of the building material haulers declined slightly in 1984 despite dollar and percentage gains in both cash throw and working capital. The gains were under the pace of growth overall. Cash throw increased 11.2% and working capital 7.5%. Working capital coverage of daily operating expenses showed a decline from 9.7 days to 9 days and the current ratio dropped from 1.17 to 1.15 in 1984. These ratios, worse

than industry averages in 1983, remained worse in 1984.

Investments/ Returns

The building material carriers increased expenditures on carrier operating property by 21% from 1983 to 1984, a clip 50% greater than the specialized carrier average. Fleet age declined appreciably -- from 52% to 48% depreciated. This high level of increased investments resulted in some decline in both the revenue and profit yield. The per dollar revenue yield dropped to $4.25 in 1984 from $4.76, and return on investment slipped to 21.3% from 23.4%.

The building material group spends about 35% of revenues on purchased transportation, mainly owner-operators. This level of expenditures grew commensurate with revenue and expense increases and, thus, remained a fixed percentage of revenues in 1984.

Leverage/ Debt Service

Funded debt levels grew by a fairly rapid 31.4% in 1984 for the segment and provided about half the increase in funds expended on investments. The high increase resulted in a deterioriation in debt to equity levels which rose from 0.87 in 1983 to 0.98. This debt to equity ratio is the highest (worst) in the industry in 1984. Two years would be required to pay off existing debt with present levels of cash throw -- also a deterioration from 1983.

Interest expenses grew by 19.5% in 1984, similar to increases for all specialized carriers. Interest fell as a percent of debt from 12.3% to 11.2%. It consumes 1.8% of revenues, however, very high within the industry, but only 32% of operating income (due to superior profitability).

The building material carriers remain weak in liquidity and highly leveraged in a summary view. They are strong, however, in profitability, the key to improvements elsewhere.

Other Specialized Carriers

This grouping of other specialized carriers combines selected specific groups of carriers, generally small in number of firms and aggregate levels of business, with a major group of specialized carriers which don't fit the commodity code definitions assigned by the Interstate Commerce Commission. This latter group is termed 'specialized carriers, N.E.C.' (not elsewhere classified). The groups of carriers combined with this larger category in this analysis are firms engaged in:

- dump trucking
- armored truck service
- film and associated commodities
- forest products
- mine ores (not including coal)
- retail store delivery service, and
- dangerous or hazardous materials

In combining these numerous groups, inevitably there is injustice done to particular groups which have performed better than others, and vice-versa.

This combined grouping accounts for 36.5% of total revenues of all specialized carriers in this analysis.

Operating Performance

These specialized carriers had 1984 increases of 11.8% in tonnage and 12% in vehicle mileage. Revenues grew 12%. Expenses also grew by 12%.

The revenue and expense changes produced a gain in operating income of 10.4% and a very minor rise in the operating ratio from 96.71 to 96.75. Profits increased 13.6% and the profit margin reached 2.04% from 1.97% in 1983. Return on equity was 11.42% in 1984, up from 10.65%.

Liquidity

Cash throw improved for these specialized carriers by 12.3% over 1983 levels. Depreciation charges accounted for two-thirds of cash throw in 1984. The current ratio declined fractionally from 1.39 to 1.38, but remains very sound. The current ratio dip occurred despite a 6.6% rise in working capital. In 1984, working capital could fund 19 days of cash operating expenses, compared to 20 days a year earlier.

Investments/ Returns

As was prevalent in the industry in 1984, these specialized carriers increased their investments in carrier operating property (by 14.7%) and the fleet age was favorably reduced. In 1984, they generated $5.22 for every dollar in net operating property, down from $5.70 in 1983. Return on transportation investment also declined -- from 14.52% to 13.51% -- as operating profit growth lagged the net increase in operating property plus net working capital. These firms utilize owner-operators at the same proportion as the specialized carrier group totals, expending 35.7% of revenues on purchased transportation.

Leverage/ Debt Service

Funded debt levels grew by 33.6% for this broad grouping of firms. The dollar increase provided funding for 47% of the new investment in operating property. This level of borrowings caused the debt to equity ratio to rise sharply, from 0.44 in 1983 to 0.54 in 1984. Cash throw coverage of debt deteriorated from an hypothetical pay-off of 1 1/2 years in 1983 to closer to 2 years.

Interest expenses increased by only 14% in 1984 leading to a reduction in the interest to funded debt proportion from 15.6% to 13.3%. The 1984 interest expense accounted for 1.3% of revenues and 35.5% of operating income.

In summary, this grouping of specialized haulers achieved better than average results in profitability and stands well in terms of both liquidity and leverage.

SUMMARY SCORECARD

The 1984 Financial Analysis introduced the Summary Scorecard Section as a means of comparing and contrasting carrier group performance on a relative basis. In that review of 1983 data, the scorecard served to distinguish and differentiate groups in an environment of widespread improvement. This analysis will again employ the scorecard section to distinguish group results in a situation of general financial decline. Since this was a new section in the analysis, the scheme identifying carrier classification will be reproduced here.

In evaluating how a carrier group has fared from 1983 to 1984, the first part of the summary scorecard, three categories of change are possible -- improving; stable; or worsening (declining). Each carrier group is evaluated on four criteria: 1) business conditions; 2) profitability; 3) liquidity; and 4) leverage.

Carrier groups were evaluated based on their actual change for the year, supplemented where appropriate by relative performance. A group whose tonnage, mileage and revenues fell from 1983 to 1984 would obviously show up as "worsening" in business levels. Another group may have improved business by 3 percent. While this was improvement in an absolute sense, in a relative sense it was not, considering that "all carriers" saw revenues increase 11.5 percent, tons by 8.5 percent and miles by 9.5 percent. Thus, the group improving by 3 percent would be considered 'stable'. The key is that group's performance was **far under** the level of change generally. A carrier group noted as "improving" need not exceed the average industry performance; it can have lesser than average growth but not growth far under the industry average. Thus, in one set of columns in the summary scorecard, groups are noted as to how they fared from 1983 to 1984.

The second set of columns in the summary scorecard shows the relative standing or position of each carrier group. For this purpose, the 32 individual carrier groups were placed in quartiles, the top 8 in the **upper** quartile, the bottom 8 in the **lower** quartile and the other 16 in the two **middle quartiles.** This categorization stems from each group's ranking for numerous measures of profitability, then liquidity and lastly leverage. The procedure works as follows for four hypothetical groups, ranked on various measures of profitability:

Group "W" had the second best operating ratio of the four groups, the best profit margin and return on equity. The sum of its ranking equal 4 (2+1+1). Group "X" ranked fourth best in operating ratio and net profit margin and third best on return on equity, its rankings adding to 11 (and so forth). The sum of the rankings are in turn ranked from high to low to give the overall position for profitability. As it turns out, the hypothetical group "W" ranked best in overall profitability, while group "X" ranked fourth best. In the quartile scheme, group "W" is the upper quartile in this example, group "X" the lower quartile. With 32 individual groups in this financial analysis, each quartile, of course, will have 8 groups (32/4).

For **Profitability,** each group's overall ranking and thus position within quartiles was determined by summing the group's rank for four profitability measures:

1) operating ratio
2) net profit margin
3) return on equity
4) return on transportation investment

For **Liquidity** ranking, four measures were used:

1) current ratio
2) average day's expenses in working capital
3) average day's collection period
4) cash throw to the current portion of funded debt

Five measures were used to evaluate the **leverage** of the groups:

1) funded debt to equity
2) cash throw to funded debt
3) funded debt to revenue
4) funded debt to net carrier operating property
5) interest expense as a percent of revenues

Lastly, the **overall** position of each group was evaluated based on its standing in each of the three major areas covered above, the best positions being associated with strong profitability, strong liquidity and low debt. In the overall ranking, U reflects the upper quartile, L the lower quartile and M the middle two quartiles.

Upper Quartile Groups

To highlight performance in an otherwise dismal year, the following lists the 8 carrier groups in the upper quartile (superior) of performance during 1984.

General Freight

Group B - **New England Region** - on the basis of superior liquidity and leverage position, with adequate profitability. Also in upper quartile in 1983.

Group B - **Pacific Region** - strength in liquidity and leverage, adequate in profits. Also in upper quartile in 1983.

Group C (C-1) - **Length of haul under 250 miles** - Profitability and leverage position strong, liquidity adequate. Also in upper quartile in 1983.

Group C (C-2) - **Length of haul under 250 miles** - strength in all facets of profits, liquidity and leverage. Also in upper quartile in 1983.

Group C (C-2) - **Length of haul of 500-750 miles** - liquidity and leverage positions are strong, profitability adequate. Also in upper quartile in 1983.

Group C (C-2) - **Length of haul greater than 750 miles** - profitability and leverage positions show strength, liquidity is adequate. Also in upper quartile in 1983.

Specialized Carriers

Group D - **Agricultural Product Haulers** - strong liquidity position, adequate profits and leverage position.

Group D - **Motor Vehicle Transporters** - industry's highest profits, lowest debt, coupled with adequate liquidity. Also in upper quartile in 1983.

GROUP RANKING BY PROFITABILITY

Group	Operating Ratio	Net Profit Margin	Return Equity		on Overall Total	Rank
"W"	2	1	1	=	4	(1)
"X"	4	4	3	=	11	(4)
"Y"	1	3	4	=	8	(3)
"Z"	3	2	2	=	7	(2)

SCORECARD CHARTS

GROUP A		IMPROVED	STABLE	WORSENING	UPPER QU SUPERIOR	MIDDLE QU ADEQUATE	LOWER QU SUBPAR	OVERALL
NEW ENGLAND	Business Conditions		X					M
	Profitability	X					X	
	Liquidity			X			X	
	Leverage		X			X		
MIDDLE ATLANTIC	Business Conditions	X						M
	Profitability	X				X		
	Liquidity		X			X		
	Leverage		X		X			
CENTRAL	Business Conditions		X					L
	Profitability	X				X		
	Liquidity	X					X	
	Leverage		X			X		
SOUTHERN	Business Conditions		X					M
	Profitability			X		X		
	Liquidity		X			X		
	Leverage			X			X	
NORTHWESTERN	Business Conditions	X						M
	Profitability			X			X	
	Liquidity			X	X			
	Leverage			X		X		
MIDDLEWESTERN	Business Conditions	X						L
	Profitability		X				X	
	Liquidity		X				X	
	Leverage		X			X		
SOUTHWESTERN	Business Conditions			X				M
	Profitability		X			X		
	Liquidity	X				X		
	Leverage		X			X		
ROCKY MOUNTAIN	Business Conditions			X				M
	Profitability		X				X	
	Liquidity			X	X			
	Leverage			X		X		
PACIFIC	Business Conditions			X				M
	Profitability		X			X		
	Liquidity	X				X		
	Leverage		X			X		

GROUP B		IMPROVED	STABLE	WORSENING	UPPER QU SUPERIOR	MIDDLE QU ADEQUATE	LOWER QU SUBPAR	OVERALL
NEW ENGLAND	Business Conditions			X				U
	Profitability			X		X		
	Liquidity		X		X			
	Leverage		X		X			
MIDDLE ATLANTIC	Business Conditions	X						M
	Profitability	X				X		
	Liquidity	X				X		
	Leverage			X		X		
CENTRAL	Business Conditions	X						L
	Profitability			X		X		
	Liquidity		X				X	
	Leverage		X			X		
SOUTHERN	Business Conditions	X						L
	Profitability			X			X	
	Liquidity			X		X		
	Leverage			X		X		
NORTHWESTERN	Business Conditions	X						L
	Profitability			X			X	
	Liquidity			X			X	
	Leverage			X			X	
MIDDLEWESTERN	Business Conditions	X						M
	Profitability	X			X			
	Liquidity		X			X		
	Leverage		X			X		
SOUTHWESTERN	Business Conditions	X						M
	Profitability	X				X		
	Liquidity	X				X		
	Leverage			X			X	
ROCKY MOUNTAIN	Business Conditions	X						M
	Profitability		X				X	
	Liquidity	X			X			
	Leverage		X			X		
PACIFIC	Business Conditions			X				U
	Profitability			X		X		
	Liquidity		X		X			
	Leverage			X	X			

GROUP C		IMPROVED	STABLE	WORSENING	UPPER QU SUPERIOR	MIDDLE QU ADEQUATE	LOWER QU SUBPAR	OVERALL
C-1	Business Conditions	X						U
<250	Profitability		X		X			
	Liquidity			X		X		
	Leverage		X		X			
C-1	Business Conditions	X						L
>250	Profitability			X		X		
	Liquidity			X			X	
	Leverage			X			X	
C-2	Business Conditions	X						U
<250	Profitability			X	X			
	Liquidity			X	X			
	Leverage		X		X			
C-2	Business Conditions		X					M
250-500	Profitability			X			X	
	Liquidity	X				X		
	Leverage			X		X		
C-2	Business Conditions		X					U
500-700	Profitability			X		X		
	Liquidity		X		X			
	Leverage		X		X			
C-2	Business Conditions		X					U
>750	Profitability			X	X			
	Liquidity			X		X		
	Leverage	X			X			

GROUP D		IMPROVED	STABLE	WORSENING	UPPER QU SUPERIOR	MIDDLE QU ADEQUATE	LOWER QU SUBPAR	OVERALL
HOUSEHOLD GOODS	Business Conditions	X						M
	Profitability	X			X			
	Liquidity			X			X	
	Leverage			X		X		
HEAVY MACHINERY	Business Conditions	X						L
	Profitability		X				X	
	Liquidity		X				X	
	Leverage		X				X	
PETROLEUM PRODUCTS	Business Conditions	X						L
	Profitability		X			X		
	Liquidity			X		X		
	Leverage		X				X	
REFRIGERATED	Business Conditions		X					M
	Profitability			X	X			
	Liquidity		X			X		
	Leverage			X			X	
AGRICULTURAL	Business Conditions		X					U
	Profitability		X			X		
	Liquidity	X			X			
	Leverage			X		X		
MOTOR VEHICLE	Business Conditions	X						U
	Profitability	X			X			
	Liquidity			X		X		
	Leverage	X			X			
BUILDING MATERIALS	Business Conditions	X						M
	Profitability		X		X			
	Liquidity		X			X		
	Leverage			X			X	
OTHER SPECIALIZED	Business Conditions	X						M
	Profitability		X			X		
	Liquidity		X			X		
	Leverage			X		X		

CARRIER PERFORMANCE DURING 1985

More Of The Same

The economy in 1985 has not been the horn of plenty that early forecasts suggested. In fact, it has been generally stagnant and at best sluggish in domestic goods production.

Although gross national product has shown minor growth in real terms for the first two quarters of 1984 -- 0.3% in the first quarter and 1.9% in the second -- the GNP measure of goods production (46% of total GNP) has declined. On an annualized basis, GNP for Goods declined 2.96% in the first quarter and 0.40% in the second. This contrasts slightly with changes in industrial production which declined 0.05% in the first but rose 1.52% in the second.

The result of the weakness in the economy is that tonnage transported has declined and mileage travelled has been virtually unchanged for I.C.C. authorizerd carriers, at least through the first half of the year.

The motor carrier industry has been able to generate a minor increase in revenues for the first six months of 1985 -- a growth of 3.2%. The 'more of the same', however, is a steeper rise in expenses - up 4.5% (see Table). Heading the increased expenses is a 20.5% rise in insurance premiums (with the worst premium hikes yet to come), followed by operating tax and licence increases -- up 19.3%. Also up disproportionately is depreciation charges (12.2% rise) as equipment purchases continue and equipment bought in 1984 enters the depreciation cycle full scale. Further, overhead costs continue to accelerate by 7.3% and fringe benefit increases have outpaced overall expense changes.

Labor costs -- salaries and wages and paid time off -- and purchased transportation expenses are the major expense items of carriers which have increased by less than the pace of total expenses.

Earnings Decline Further

The high rising expenses and lesser revenue growth has resulted in a 23.7% decline in operating profits and a half year rise in the operating ratio from 95.30 to 96.53. Net profits have declined even more -- by 31.7% -- largely due to an almost 25% rise in interest expenses and despite a decline of more than one-third in income taxes. The net profit margin of 1.78% for six months of 1985 compares unfavorably with a 2.70% margin for the same period a year ago.

The earnings dilemma is more widespread in 1985 than in 1984. In 1984, the specialized carriers outperformed general freight and achieved increased profitability in many segments. Through six months, every specialized segment has shown declining profits. The general freight carriers have also shown declines, but less severe than for specialized carriers. The best results in both operating ratio and net profit margin apply to motor vehicle haulers (95.69 and 2.23%, respectively); the worst results are for heavy machinery haulers (98.30 and 0.88%, respectively).

The Class I general freight carriers have a 6 month 1985 operating ratio of 96.19 (compared to 94.93) and a profit margin of 2.02%, down from 2.82%. For all specialized Class I carriers, their operating ratio is higher at 96.87 and profit margin lower (1.50%). Comparable figures for six months of 1984 for specialized carriers were an operating ratio of 95.65 and profit margin of 2.65%. Further, according to data on the 100 largest common carriers published by the I.C.C., return of equity for the 12 months ended June 30, 1985 has declined to 11.55% from 15.73% the same period a year earlier. This 27% decline in return on equity for the largest carriers bodes ill for the smaller sized carriers which have historically underperformed their larger peers.

Second Half Outlook Not Favorable

The trend in business levels especially for general freight carriers has largely mirrored the trend in monthly truck tonnage which is reported by a majority of these firms which comprise the sample. Monthly tonnage declined from June 1985 to July before rising slowly in both August and September. The average of the monthly tonnage for the third quarter of 1985 is, however, showing virtually no growth.

A preliminary review of third quarter results for major Class I carriers indicates revenues and expenses increasing at a 3.8% pace with virtually no change in operating and net income. If this reflects final changes for all carriers, it would be an improvement over declines in both the first and second quarters, but does nothing to strengthen performance for the year. Nine month profits appear to be 15% under levels in 1984. With fourth quarter results historically weighing down the financial changes through nine months, 1985, in short, will not provide either the business turnaround or profit growth the industry desperately needs to get on sound footing.

RESULTS OF OPERATIONS SIX MONTHS 1985 VS. 1984
CLASS I FEDERALLY REGULATED MOTOR COMMON CARRIERS OF PROPERTY
(PERCENT CHANGE IN OPERATING REVENUES & OTHER FINANCIAL & OPERATING STATISTICS)

Description	Operating Revenues	Total Operating Expenses	Interest Expense	Income Taxes	Net Income	Total Vehicle Miles	Total Tons of Revenue Freight	Operating Ratio 1985/1984	Net Profit Margin (%) 1985/1984
U.S. Total	3.18%	4.51%	24.46%	(37.06)%	(31.72)%	0.76%	(2.26)%	96.53/95.30	1.78/2.70
General Freight	3.32	4.69	21.99	(37.62)	(26.11)	0.23	(3.17)	96.19/94.93	2.02/2.82
Specialized Carriers	2.50	3.80	13.81	(26.75)	(41.96)	0.89	(1.84)	96.87/95.65	1.50/2.65
Heavy Machinery	0.37	1.24	(1.90)	(30.32)	(65.60)	(2.69)	(3.22)	98.30/97.45	0.88/2.58
Liquid Petroleum	0.60	1.84	7.74	(43.92)	(45.88)	(3.45)	(3.03)	96.97/95.79	1.01/1.87
Refrigerated Products	5.42	5.67	24.79	(0.66)	(21.34)	4.09	(1.80)	96.66/96.44	1.52/2.03
Agricultural Commodities	(2.48)	(1.48)	31.06	(13.50)	(44.35)	(3.09)	3.20	97.57/96.58	1.39/2.43
Motor Vehicles	2.05	2.09	(0.29)	17.77	(9.18)	0.44	4.22	95.69/95.66	2.23/2.51
Building Materials	4.26	7.84	16.15	(38.34)	(57.66)	5.94	3.33	96.11/92.92	1.98/4.88
Other Specialized Carriers	3.11	4.98	19.60	(48.12)	(48.71)	1.68	(3.09)	97.32/95.59	1.45/2.92
Household Goods	4.96%	6.03%	176.96%	(60.76)%	(45.61%)	4.64%	5.62%	98.15/97.16	0.91/1.76